



# Ahlcon Parenterals (India) Limited

**25<sup>TH</sup> ANNUAL REPORT 2016-17**

# CORPORATE INFORMATION

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## BOARD OF DIRECTORS

Mr. Andreas Walde, Chairman  
Mr. Indranil Mukherjee, Managing Director  
Mr. Arun Kumar Gupta, Director  
Dr. S.C.L. Gupta, Director  
Dr. S.S. Arora, Director

## REGISTERED OFFICE

Plot No. 30 & 30 E, 2<sup>nd</sup> Floor, Shivaji Marg,  
Najafgarh Road Industrial Area,  
New Delhi – 110015  
Tel No.011– 42344234

## COMPANY SECRETARY

Mr. Ranjan Kumar Sahu

## BANKERS

Mizuho Bank  
Deutsche Bank  
HDFC Bank Ltd.  
Syndicate Bank  
State Bank of Bikaner & Jaipur

## MANUFACTURING FACILITIES

SP-917 & 918, Phase III, RIICO Industrial Area,  
Bhiwadi – 301019,  
Dist. Alwar, Rajasthan.  
Tel: 01493 – 305300, Fax: 01493 – 221045

## AUDITORS

M/s. Arun K. Gupta & Associates  
Chartered Accountants,  
D-58, East of Kailash,  
New Delhi - 110065

## WEBSITE

[www.ahlconindia.com](http://www.ahlconindia.com)  
email: [ranjan.sahu@ahlconindia.com](mailto:ranjan.sahu@ahlconindia.com)

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# NOTICE

Notice is hereby given that the 25<sup>th</sup> Annual General Meeting of Ahlcon Parenterals (India) Limited will be held on Wednesday, the 27<sup>th</sup> day of September 2017 at 4.00 PM at Plot No. 30 & 30 E, 2<sup>nd</sup> Floor, Shivaji Marg, Najafgarh Road Industrial Area, New Delhi - 110015 to transact the following business:

## ORDINARY BUSINESS

- To receive, consider and adopt the Audited Balance Sheet of the Company as at 31<sup>st</sup> March 2017, Statement of Profit & Loss and Cash Flow Statement for the year ended on that date together with Reports of the Board of Directors and the Auditors thereon.
- To appoint a Director in place of Mr. Andreas Walde, (DIN:07331893), who retire by rotation and being eligible, offers himself for reappointment.
- To appoint M/s. Price Waterhouse Chartered Accountants LLP, (FRN:012754N/N500016), as Statutory Auditors of the Company, in place of the retiring auditors M/s Arun K Gupta & Associate, Chartered Accountant (FRN: 000605N) to hold the office from the conclusion of this Annual General Meeting till the conclusion of 30<sup>th</sup> Annual General Meeting to be held in the year 2022 and to fix their remuneration, by considering and if thought fit, passing with or without modification(s), the following resolution as ordinary resolution:

**"RESOLVED** that pursuant to the provisions of Section 139,141(2) and 142 and other applicable provisions, if any of the Companies Act, 2013 and pursuant to the recommendations of Audit Committee and Board M/s. Price Waterhouse Chartered Accountants LLP, (FRN: 012754N/N500016) be and are hereby appointed as the Statutory Auditors of the Company, in place of the retiring auditors M/s Arun K Gupta & Associate, Chartered Accountant (FRN:000605N), to hold the office from the conclusion of this Annual General Meeting till the conclusion of 30<sup>th</sup> Annual General Meeting to be held in the year 2022, subject to ratification of the appointment by the members at every Annual General Meeting held after this Annual general Meeting, and the Board of Directors of the Company be and are here by authorised to fix such remuneration including out of pocket expenses as may be recommended by the Audit Committee of the Company."

## SPECIAL BUSINESS

- Appointment of Mr. Indranil Mukherjee (DIN:06692898) as Director of the Company:

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

**"RESOLVED** that pursuant to the provisions under sec 161 of the Companies Act 2013 and other applicable provisions of the Companies Act 2013, Mr. Indranil Mukherjee (DIN: 06692898), Additional Director of the Company who was required to hold the office upto the date of this Annual General Meeting, and in respect of whom the Company had received a notice in writing from a member, proposing his appointment as Director of the Company be and is hereby appointed as a Director of the Company, who shall be liable to retire by rotation."

- Ratification of the payment of remuneration of Cost Auditor

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

**"RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the appointment of M/s. Kabra and Associates, Cost Accountants, as Cost Auditors as appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year 2017-18 and the payment of remuneration as mentioned in the explanatory statement (including out of pocket expenses as may be incurred in connection with the audit but excluding out of pocket expenses as may be incurred in connection with the outstation travels as per actuals) and Goods and Services Tax as may be applicable be and is hereby ratified".

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to do all such acts, matters, deeds and things as may be necessary to give effect to the above resolution.

- Waiver of Excess Remuneration paid to the Managing Director:

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

**"RESOLVED THAT** pursuant to the provisions of Section 197 (9) and (10) of the Companies Act, 2013 read with Schedule V and other applicable provisions, if any of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, subject to the approval of the Central Government, and such other approvals, as may be required, approval of the Members be and is hereby accorded to the Board of Directors of the Company to waive the recovery of excess remuneration paid, over and above the limits as prescribed under the Schedule V of the Companies Act 2013 amounting to ₹7,31,633/- paid to Mr. Arun Mudgal (DIN:06366992), Ex-Managing Director, during the Year 1<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2017.

**RESOLVED FURTHER THAT** subject to the approval of the Central Government if any, waiver of excess managerial remuneration of ₹7,31,633/- paid to Mr. Arun Mudgal, (DIN: 06366992), Ex-Managing Director during the year 1<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2017 be and is hereby approved.

**"RESOLVED FURTHER THAT** the Board of Directors/ Company Secretary of the Company be and is hereby authorized to do all such acts, matters and things as may be considered it to be necessary or desirable to give effect to this Resolution in this regard."

- Appointment of Mr. Indranil Mukherjee (DIN: 06692898) as the Managing Director of the Company

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

**"RESOLVED THAT** pursuant to the provisions of sec 196, read with sec 197 and Schedule V of the Companies Act, 2013 and any other applicable provisions of the Companies Act, 2013, (including any statutory modification(s), or re-enactment thereof for the time being in force) and pursuant to Article 108 of the Articles of Association of the Company and on the recommendation of the Nomination and Remuneration Committee and Board, the



approval of the members of the Company be and is hereby accorded to appoint Mr. Indranil Mukherjee as the Managing Director of the Company for a period of 5 (Five) years with effect from 1<sup>st</sup> September, 2017 without remuneration and is authorized to exercise substantial powers of management subject to superintendence, control and direction of Board of Directors.

**RESOLVED FURTHER THAT** Mr. Andreas Walde, (DIN: 07331893) Director of the Company is authorized for and on behalf of the Company to negotiate, deal, agree, finalise, sign, execute, edit, modify and or deliver the employment agreement to be entered into between the Company and the Managing Director.

**RESOLVED FURTHER THAT** any one of the Directors and/or the Company Secretary of the Company be and is hereby severally authorized to sign and file the prescribed forms with the Registrar of Companies along with the requisite fees and to comply with all other provisions of the applicable laws including without limitation with the provisions under the Companies Act 2013 in respect of this appointment.”

By order of the Board

**For AHLCON PARENTERALS (INDIA) LIMITED**

Place : New Delhi

Ranjan Kumar Sahu

Dated: 18.08.2017

Company Secretary

PAN: ATDPS7346D

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Proxies shall not have any voting rights except on a poll.
3. Only bonafide members of the company whose names appear on the Register of Members/ Proxy holders, in possession of valid attendance slips duly filled and signed will be permitted to attend the meeting. The company reserves its right to take all steps as may be deemed necessary to restrict non members (excluding valid proxy holder) from attending the meeting.
4. The Register of Members and Share Transfer Books of the company shall remain closed from Thursday the 21<sup>st</sup> day of September 2017 to Wednesday, the 27<sup>th</sup> day of September 2017 (both days inclusive) for the purpose of Annual General Meeting.
5. While approving the Final Accounts Statements for the year ended on 31<sup>st</sup> March 2017, the Board has not recommended any dividend on the Equity Shares.
6. Those members who have so far not encashed their unpaid dividend warrants for the below mentioned financial years, may claim or approach the company for the payment thereof as the same will be transferred to the Investor Education and Protection Fund of the Central Government, pursuant to section 124 of the Companies Act, 2013 on the respective dates mentioned there against. Intimation in this regard is being sent to the concerned shareholders periodically. Kindly note that after such dates, members will lose their right to claim such dividend.

FINANCIAL YEAR ENDED FINAL DIVIDEND	AGM DATE	DUE DATE
31.03.2010	17.09.2010	23.10.2017
31.03.2011	30.09.2011	05.11.2018
FINANCIAL YEAR ENDED INTERIM DIVIDEND	BOARD MEETING DATE	DUE DATE
31.03.2012	13.02.2012	20.03.2019

7. Pursuant to the provisions of Section 124(5) of the Companies Act, 2013, the unpaid /unclaimed Dividend for the year 2004-05, 2005-06, 2006-2007, 2007-08 and 2008-09 was transferred to the Investor Education and Protection Fund of the Central Government on 05.11.2012, 05.11.2013, 05.11.2014, 05.11.2015 and 5.11.2016 respectively and the unpaid/unclaimed Dividend for the year 2009-10 will be transferred to Investor Education and Protection Fund of the Central Government on the due date.
8. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/RTA for registration of transmission/transposition, deletion of name etc.
9. All documents referred in the notice are open for inspection at the Registered Office of the Company at : Plot No. 30 & 30 E, 2<sup>nd</sup> Floor, Shivaji Marg, Najafgarh Road Industrial Area, New Delhi - 110015 between 11.00 A.M. to 1.00 P.M. on any working day prior to the date of the Annual General Meeting.
10. Members / Proxies should bring the attendance slips duly filled in for attending the meeting. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
11. It will be appreciated that queries, if any, on accounts and operations of the company are sent to the corporate office of the company ten days in advance of the meeting so that the information may be made readily available.
12. Shareholders are requested to immediately intimate the change in email address, correspondence address and bank details, if any, to the Company's Registrar and Share Transfer Agent M/s MAS Services Ltd., T-34, 2nd Floor, Okhla Industrial Area, Phase -II, New Delhi -110020 for payment of dividend, Annual Report and other documents from time to time. Those who are holding their shares in dematerialized form should notify to their Depository Participants, change/ correction in their address/ bank account particulars etc.
13. Electronic copy of the Notice of the 25<sup>th</sup> Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes. For members who have not registered their email address for all other members, Physical copies of the Notice of the 25<sup>th</sup> Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.



14. As per Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2017, the items of business set out in the attached Notice may be transacted also through electronic voting system as an alternative mode of voting. The Company is providing the facility of casting vote through the electronic voting system ("e-voting") under an arrangement with The National Depository Services (India) Limited ("NSDL") as specified more fully in the instruction hereunder provided that once the vote on a Resolution is casted, a Member shall not be allowed to change it subsequently.
15. The Annual Report of the Company for the year ended March 31, 2017 and the Notice convening 25<sup>th</sup> Annual General Meeting (AGM) of the Company is attached herewith together with the Attendance Slip, E-voting Instructions and Proxy Form (in Annual Report). These documents are also available at the Registered Office of the Company for inspection during 11:00 A.M. to 1:00 P.M on any working day except Saturdays and Sundays. If you desire to have a copy of Annual Report in physical form, kindly write to MAS SERVICES LTD. (Registrar and Transfer Agent), T-34, 2nd Floor, Okhla Industrial Area, Phase - II, New Delhi-110020 email:- info@masserv.com or sm@masserv.com or to Company at above address, e-mail:- ranjan.sahu@ahlconindia.com and the same will be provided free of cost.
- The Resolutions proposed at the 25<sup>th</sup> AGM of the Company will be transacted through remote e-voting (facility to cast vote from a place other than the venue of the AGM) and through Ballot Paper at the AGM in terms of the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015. The Company has engaged the services of National Securities Depository Limited (NSDL) for this purpose. The remote e-voting facility is available at the link <https://www.evoting.nsdl.com>.
- The remote e-voting facility will be available during the following voting period:
- Commencement of remote e-voting  
Saturday, September 23, 2017 at 09.00 A.M. (IST)
- End of remote e-voting  
Tuesday, September 26, 2017 at 5.00 P.M. (IST)
- The cut-off date (i.e. the record date) for the purpose of remote e-voting is September 20, 2017.
- The details and instructions for remote e-voting forms an integral part of the Notice convening the 25<sup>th</sup> AGM to be held on September 27, 2017.
16. The procedure and instructions for e-voting is given hereunder for easy reference:
- a. The initial password is provided in the box overleaf.
  - b. Open e-mail and open PDF file viz."APL-remote e-Voting.pdf" with your client ID or Folio No. as password containing your user ID and password for remote e-voting. Please note that the password is an initial password.
  - c. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>.
  - d. Click on Shareholder-Login.
  - e. Put user ID and password as initial password noted in step (a) above. Click Login.
  - f. Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - g. Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
  - h. Select "EVEN" of "AHLCON PARENTERALS (INDIA) LIMITED".
  - i. Now you are ready for remote e-voting as Cast Vote page opens.
  - j. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
  - k. Upon confirmation, the message "Vote cast successfully" will be displayed.
  - l. Once you have voted on the resolution, you will not be allowed to modify your vote.
  - m. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPGFormat) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory (ies) who are authorized to vote, to the Scrutinizer through e-mail to [agrawal.kundan@gmail.com](mailto:agrawal.kundan@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
  - n. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.
  - o. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
  - p. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
  - q. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 20<sup>th</sup> September, 2017.
  - r. Any person, who acquires shares and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 20<sup>th</sup> September, 2017, will be provided the notice through by post after the cut-off date. Such members may also obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [info@masserv.com](mailto:info@masserv.com).
- However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: 1800-222-990.
- s. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
  - t. 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 only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.



- u. Mr. Kundan Agrawal, Practicing Company Secretary (Membership No. FCS-7631 & CP No. 83) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- v. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- w. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- x. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.ahlconindia.com and on the website of NSDL immediately after the declaration of result by the Chairman.
- 17. Shareholders are requested to bring their copy of Annual Report to the meeting.
- 18. **An Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 in relation to the Special Business is annexed hereto and forms part of this Notice.**

#### **Item No.4**

##### **Appointment of Mr. Indranil Mukherjee (DIN:06692898) as Director of the Company:**

Pursuant to Article 80 of the Articles of Association of the Company Indranil Mukherjee (DIN: 06692898) was appointed as an Additional Director by the Board at their meeting held on 18.08.2017. In terms of provisions of Section 161 of the Companies Act 2013, the Additional Director appointed by the Board of Directors shall hold office only upto the date of the next Annual General Meeting of the company. Accordingly, Mr. Indranil Mukherjee shall cease to hold office at the conclusion of this Annual General Meeting unless his appointment is ratified by the shareholders. Your Company has received in writing from him alongwith a deposit of ₹ 1,00,000/- for his appointment as a Director on the Board under Section 161 of the Companies Act 2013. In view of the valuable leadership that can be lent to the Company by Mr. Indranil Mukherjee as director on the Board, your directors recommend passing of the resolution set out at item No.4 of this notice.

The proposed resolution does not relate to or affect the business interest of any other Company in which the Promoter, Director, Manager or Key Managerial Personnel have substantial interest.

None of the Directors & their Relatives are interested in the proposed resolution except Mr. Indranil Mukherjee.

The directors recommend the said resolution for the approval of the members of the Company by Ordinary Resolution.

#### **Item No. 5**

##### **Ratification of the payment of remuneration of Cost Auditor**

The Board, on the recommendation of the Audit Committee, has approved the appointment of the Cost Auditors M/s Kabra and Associates, Cost Accountant, New Delhi, holding valid certificate of practice no.000075 to conduct the audit of the cost records of the Company for the financial year ending March 31, 2018 at a remuneration of ₹50,000/- plus applicable Goods and Services Tax and out of pocket expenses. The company has received a letter from the Cost Auditor that the appointment, if made, will be within the prescribed limit under section 224(1B) of the Act.

The Board of Directors reappointed M/s Kabra and Associates, Cost Accountant, New Delhi, holding valid certificate of practice no.000075 as the Cost Auditor for conducting the Cost Audit for the financial year 2017-18.. The Audit Committee of the company recommended for their reappointment in accordance with Cost Audit Rules 2011 and relevant notification issued by the Ministry of Corporate Affairs.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No.5 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2018.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in resolutions set out at Item No.5 of the Notice.

The directors recommend the said resolution for the approval of the members of the Company by Ordinary Resolution.

#### **Item No. 6**

##### **Waiver of Excess Remuneration paid to the Managing Director:**

It was informed that the Company has paid managerial remuneration to Mr. Arun Mudgal, Ex-Managing Director of the Company, in accordance with the requisite approvals of shareholders at their Annual General Meetings, as mandated by the provisions of section 197 read with Schedule V of the Companies Act 2013. However due to losses incurred during the year, the managerial remuneration exceeds the limits specified in Schedule, so it is required approval of shareholders at their meeting by way of a Special resolution for the waiver of excess remunerations paid to the ex-managing director during the period ended 31<sup>st</sup> March, 2017.

Managerial remuneration paid during the year 2016-17 is ₹23,31,085/- with an excess of ₹7,31,633/- in accordance with Section II of Part II of Schedule V of Companies Act, 2013 and based on Effective Capital of the Company due to losses incurred during the year.

So, the Board of Directors at their meetings held on 18th August, 2017 approved the waiver of such excess managerial remuneration paid during the financial period as set forth in the above resolutions, subject to approval of the shareholders' and/or the Central Government if any.



The table below shows the excess amount paid to managerial personnel for the financial year ended 31<sup>st</sup> March, 2017 under Section 197 of the Companies Act, 2013:

Particulars	Salary and Perquisites Paid during the financial year ended March 31, 2017 (A)	Maximum Permissible limit under Schedule V of Companies Act, 2013	Excess payment (A-B)
Mr. Arun Mudgal	₹ 23,31,085/-	₹ 42,00,000/- P.A based on Effective Capital	Excess ₹ 7,31,633/-

None of the Directors or key managerial personnel of the Company or their relatives except the aforesaid Managing Director is in any way concerned or interested in the proposed resolution

Your directors recommended the resolution as set out at Item No. 6 of the notice for your approval as a Special Resolution.

#### Item No. 7

#### Appointment of Mr. Indranil Mukherjee (DIN:06692898) as the Managing Director of the Company.

Mr. Indranil Mukherjee (DIN: 06692898) is a seasoned healthcare professional by qualification and having more than 20 years of experience in operation of pharmaceutical and healthcare companies, management of various business segments in India and abroad. His expertise in specific functional areas such as Business Management, Marketing Management, Project Management, Operation Management etc. Specializes in the field of Chemistry followed by professional education in management from different universities/institutes including IIM Kolkata.

Mr. Mukherjee, is holding the position as an additional director of the Company and his appointment will be confirmed by the shareholders in this 25<sup>th</sup> AGM of the Company at set out in the item no. 4 of the Notice, further the board also approved his appointment as a Managing Director of the Company with effect from 1st September, 2017, and he is eligible to be appointed as a Managing Director of the Company by the shareholders in the ensuing 25<sup>th</sup> AGM of the Company.

He has adequate knowledge, skill and 20 years experience in pharmaceutical and healthcare business, which was similar to our company business and capable to handle and control the affairs of this company.

He is also holding the position of Director in B Braun Medical (India) Pvt. Ltd. and which is associated with our company and deal with same line of business.

The Nomination Committee and Remuneration committee recommended his name to the board for appointment as a Managing Director of the company without any remuneration at their meeting held on 18.08.2017 for a period of 5 years with effect from this meeting.

The Board approved in its meeting held on 18.08.2017, that, in consequence of resignation of erstwhile Managing Director and on the recommendation of Nomination & Remuneration Committee and subject to the provision of sec 196, read with sec 197 and Schedule V of the Companies Act, 2013 and any other applicable provisions of the Companies Act, 2013 and according to Article - 108 of the Articles of Association of the company, Mr. Indranil Mukherjee be appointed as a Managing Director of the company by the Board for a period of 5 years with effect from 01.09.2017, subject to approval of the shareholders in the ensuing Annual General Meeting of the Company.

Statement as per item (iv) of third proviso of Section II of Part II of Schedule V

#### I. GENERAL INFORMATION

- Nature of industry: Pharmaceutical Industry.
- Date or expected date of commencement of commercial production: Commercial production started since 1994
- Financial Performance: The Company's financial results during the immediately preceding 3 years as under: (₹ in lacs)

Financial Year	Gross Sales	Profit before tax	Profit after tax
2013-14	13358	3006	1950
2014-15	12966	2088	1701
2015-16	13380	(2377)	(1853)

- Export performance and net foreign exchange collaborations.

During the year under review, the company's export performance was ₹2390 lacs.

#### II. INFORMATION ABOUT THE APPOINTEE

- Name: Mr. Indranil Mukherjee
- DOB: 11<sup>th</sup> February, 1972, Age: 45 years,
- Qualification: Specializes in the field of Chemistry followed by professional education in management from different universities/institutes including IIM Kolkata.
- Remuneration: The appointee is in receipt of no remuneration
- Job Profile and his Suitability: Mr. Indranil Mukherjee already holding the position as an Additional Director of the Company with effect from 18.08.2017 subject to approval at the ensuing AGM and be designated as the Director of the Company. He possess adequate knowledge, skill and 20 years of experience in pharmaceutical and healthcare business, which is similar to our company business and is capable to handle and control the affairs of this company. He is an expert in specific functional areas such as Business Management, Marketing Management, Project Management, Operation Management etc.
- Remuneration Proposed: He is proposed to be appointed without any remuneration
- Pecuniary Relationship directly or indirectly with the Company or relationship with the managerial personnel, if any: He was inducted to the Board of your company on 18.08.2017 as an Additional Director of the Company, and till then serving continuously. Further, Mr. Mukherjee is not holding any Equity Shares of Ahlcon Parenterals (India) Limited.

None of the directors, KMP and relative is concerned and interested except Mr. Mukherjee in the above resolution.

Your directors recommended the resolution as set out at Item No. 7 of the Notice for your approval as a Ordinary Resolution.

For AHLCON PARENTERALS (INDIA) LIMITED

Place: New Delhi  
Dated: 18.08.2017

Ranjan Kumar Sahu  
(Company Secretary)  
PAN: ATDPS7346D

# DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the 25<sup>th</sup> Annual Report on the business and operations of the Company for the financial year ended 31<sup>st</sup> March 2017.

## FINANCIAL RESULTS

(₹ in lacs)

FOR THE YEAR ENDED	31.03.2017 CURRENT YEAR	31.03.2016 PREVIOUS YEAR
Total Revenue	13599.90	11941.75
Profit before Finance Cost, Depreciation & Amortisation and Tax	1977.35	892.50
Finance Cost	1,729.43	1,656.78
Profit/(Loss) before, Depreciation & Amortisation and Tax	247.92	(764.28)
Depreciation & Amortisation	1630.20	1612.83
Profit before Tax	(1382.28)	(2377.11)
Tax Expense	-	(523.81)
Profit/(Loss) after Tax	(1382.28)	(1853.30)
Balance brought forward from previo us year	5543.43	7396.73
Profit available for appropriation	4161.16	5543.43
Final Dividend on Preference Shares	-	-
Tax on Dividend on Preference Shares	-	-
Profits transferred to General Reserve	-	-
Profit carried forward	4161.16	5543.43

## OPERATIONAL PERFORMANCE

Your Directors present the Operational performance of the company, which in the company has achieved a sales turnover of ₹ 13538 lacs (net of excise) as compared to the previous year sales turnover of ₹ 11900 lacs (net of excise) hereby register a growth of 13.76%.

The company's Net Loss during the year recorded ₹1382.28 lacs as compare to previous year figure profit of ₹1853.30 lacs, due to price discrimination, cut throat competition, entry of new entities in the market, government price regulatory mechanism and delay of execution of the initial phase of new plant leading to an additional depreciation and interest cost on the operational performance.

Directors are putting constant thrust on productivity enhancement, cost optimization and customer satisfaction by producing their quality products enabling continuous growth track, in the operational results of the company.

## DIVIDEND

While approving the Final Accounts Statements for the year ended on 31<sup>st</sup> March 2017, the company having Loss of ₹1382.28 lacs and the Board has not recommended any dividend on the Equity Shares.

## EARNING PER SHARE

EPS (Earning Per Share) is ₹(19.20) as compared to the previous year's

figure of ₹ (25.74) hereby a leading to a decline of EPS ₹ (6.54) as compare to the previous year.

## MATERIAL CHANGES AND COMMITMENT SUBSEQUENT TO THE BALANCE-SHEET RELATES:

Mr. Anand Chandrashekhar Apte, Managing Director tendered his resignation on 08.08.2017 from the position of Managing Director of the Company.

The Board of Directors has taken on record the resignation of Mr. Anand Chandrashekhar Apte on 18.08.2018 from the position of Director and Managing Director and has relieved him from all posts, places of profit and/or any advisory or honorary posts and/or from the membership of Committees formed by the Board of Directors of the Company with effect from the closing hour on 31st August, 2017.

All directors appreciate Mr. Apte's contribution towards the organization.

In view of the resignation of Mr. Anand Chandrashekhar Apte and, for smooth operation of the company, the remuneration committee and the board has considered and approved the appointment of Mr. Indranil Mukherjee (DIN : 06692898) as director with immediate effect and Managing Director of the Company with effect from 1<sup>st</sup> September, 2017.

The board has also appointed Mr. Andreas Walde as the Chairman of the Board with effect from 18<sup>th</sup> August, 2017.

## RESEARCH & DEVELOPMENT

The company has R & D division at Bhiwadi, duly recognized by the Government of India, Ministry of Science and Technology, Department of Scientific & Industrial Research (DSIR).

The Company's in house R & D Division is having a dedicated team of highly qualified, skilled scientists engaged in developing the formulations and products for its strategic portfolio management. R & D is also well on its way to realize the potential by innovating with various drug delivery technologies. The company is in the process of research and development of new formulations and registrations of products. The details of R & D are as per Form-B, forming part to the Annexure to the Director's Report.

In respect of weighted tax benefit under the R & D expenditure, the company has obtained the certificate from the prescribed authority under sec 35 (2AB) of the Income tax Act, 1961.

## EXPORTS

Your directors are putting constant efforts for increasing the export sales component on the total turnover to mitigate the risk posed by various domestic markets and factors, which are resulting into price discrimination, cut throat competition, entry of new entities in the market, government price regulatory mechanism.

Further plans are underway to increase the direct and indirect exports to various countries. Due to the unrest in some export market, like Yemen, Russia and Ukraine export sales during the year under review is increased to ₹2390.18 lacs (Net off rebates & returns) as compared to the previous year's figure of ₹1876.66 Lacs. there by increasing the export performance by 27.36%.

As informed in our previous reports, to further expand the company's export activities, your company is in the process of registration of its new product dossiers, in both the regulated as well as unregulated markets and





the registration formalities with number of countries are well in progress. We have obtained orders from some parties and as some countries registration process is in the pipe line and hence soon after these registration certificates are obtained, company shall be able to grab the export earnings by exporting to those countries.

#### **BANKERS:**

We are banking with the Mizuho Bank Ltd and Deutsche Bank which have been providing financial assistance to our company for various purposes and for which we express our hearty commends.

#### **DIRECTORS:**

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013.

In accordance with the provisions of the Companies Act, and Articles of Association of the company, Mr. Andreas Walde, Director of the Company is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. During the year under review Mr. Arun Mudgal, Managing Director resigned from the board with effect from 17.08.2016. During the year under review Mr. Anand Chandrashekar Apte, was appointed as the Managing directors with effect from 17.08.2016 in place of Mr. Mudgal.

During the year under review one of the Non Executive Director Mr. Andreas Walde appointed by the board with effect from 18.03.2016 was confirmed by the share holders at their 24<sup>th</sup> Annual General Meeting and appointed as a director of the Company.

Necessary resolutions seeking the approval of the shareholders for the aforesaid appointment & reappointment of directors, form part of the notice, convening the Annual General Meeting.

#### **BOARD OF DIRECTORS**

The Board is having an appropriate composition of Directors. All the Directors are equipped with variety of perspectives and skills, to ensure effectiveness of the Board, facilitating efficient discharge of duties and adding value in the context of the Company's circumstances.

#### **COMPOSITION OF BOARD OF DIRECTORS**

##### **(a) NUMBER OF MEETINGS OF THE BOARD**

Four Board Meetings of the Company were held during the year on the following dates:

**I.15.07.2016, II.17.08.2016, III.15.12.2016 IV, 14.02.2017**

##### **(b) AUDIT COMMITTEE**

The Audit Committee is having an appropriate composition of members. The Board has constituted an Audit Committee comprising with minimum number of Independent Directors. Mr. Arun K. Gupta, an Independent Director and a Chartered Accountant by profession, as the Chairman of the Committee. The role and powers of the audit committee as stipulated by the Board in accordance with Sec 177 of the Company's Act 2013.

The Board reconstituted the committee with the following members:

NAME OF THE DIRECTOR	DESIGNATION	NATURE OF DIRECTORSHIP
Mr. Arun Kumar Gupta	Chairman	Independent Director
Dr. S. C.L. Gupta	Member	Independent Director
Dr. S. S. Arora	Member	Independent Director
Mr. Anand Apte	Member	Non Executive Director
Mr. Arun Mudgal*	Member	Executive Director

\*Mr Mudgal resigned with effect from 17.08.2016 as managing director of the Company.

Statutory Auditors and the Internal Auditors of the Company were also invited to attend the Audit Committee meetings along with the Incharge of Finance (CFO) and Company Secretary. As per the need, other key functionaries of the company were also invited to attend the meetings.

Under sec 177(4) : Every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall, inter alia, include,

- (i) The recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- (ii) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- (iii) Examination of the financial statement and the auditors' report thereon;
- (iv) Approval or any subsequent modification of transactions of the company with related parties;
- (v) Scrutiny of inter-corporate loans and investments;
- (vi) Valuation of undertakings or assets of the company, wherever it is necessary;
- (vii) Evaluation of internal financial controls and risk management systems;
- (viii) Monitoring the end use of funds raised through public offers and related matters.

The Audit Committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the company.

The Audit Committee shall have authority to investigate into any matter in relation to the items specified in sub-section (4) or referred to it by the Board and for this purpose shall have power to obtain professional advice from external sources and have full access to information contained in the records of the company.

The auditors of the Company and the key managerial personnel shall have a right to be heard in the meetings of the Audit Committee when it considers the auditor's report but shall not have the right to vote.

The Board's report under sub-section (3) of section 134 shall disclose the composition of an Audit Committee and where the Board had not accepted any recommendation of the Audit Committee, the same shall be disclosed in such report along with the reasons therefor.



The committee meets from time to time with the terms of reference specified in writing by the Board which shall, inter alia, include other activities as specified under sec 177(4) of the Companies Act 2013.

During the year under review, four Audit Committee Meetings of the Company were held.

**c) DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under section 134 of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed:

1. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the company for the year under review.
3. The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions under the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. The directors had prepared the annual accounts for the financial year ended 31st March, 2017 on a going concern basis; and
5. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**(d) A STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS UNDER SUB-SECTION (6) OF SECTION 149**

Every independent director shall give disclosure at their first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his status as an independent director, give a declaration that he meets the criteria of independence.

**THE EXTRACT OF THE ANNUAL RETURN AS PROVIDED UNDER SUB-SECTION (3) OF SECTION 92**

Pursuant to the provisions of Section 134(3)(a) of the Companies Act, 2013, Extract of the Annual Return for the financial year ended 31<sup>st</sup> March, 2017 made under provisions of Section 92(3) of the Act is attached as "Annexure I" which forms part of this Report.

**COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION INCLUDING CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES, INDEPENDENCE OF A DIRECTOR AND OTHER MATTERS PROVIDED UNDER SUB-SECTION (3) OF SECTION 178**

The Nomination and Remuneration Committee shall, while formulating the policy under sub-section (3) confirmed that –

- (a) In the Company, the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- (b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (c) Remuneration to directors, 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 the company and its goals:

The Board has set up a Nomination & Remuneration Committee to formulate company's policy on remuneration packages of the executive directors and determine the same from time to time.

The Committee has been reconstituted by the board and the composition and other details of the Nomination and Remuneration Committee are as follows:

**Details of remuneration paid to Executive Director, for the year 2016-17 :**

(In ₹)

Basic Salary		6,80,707
HRA		3,40,353
Perquisites		66,437
Performance Incentives		3,98,882
Other		8,44,706
<b>Total Remuneration</b>		<b>23,310,85</b>

Other Terms, if any:

The Payment of remuneration as per the Managing Director Agreement dated 01.10.2012 and as per limit provided under section 197 and schedule V of the Companies Act 2013.

Statement of sitting fees paid to Non-Executive Director for the year 2016-17 and their shareholding position as on 31.03.2017.

NON EXECUTIVE DIRECTOR	SITTING FEES ₹	SHARE HOLDING
Mr. Andreas Walde	NIL	NIL
Mr. Anand Chandrashekhhar Apte	NIL	NIL
Mr. Arun Kumar Gupta	70,000	NIL
Dr. S. S. Arora	60,000	NIL
Dr. S. C. L. Gupta	70,000	NIL

The above figures are inclusive of fees paid for the attendance of the Committee meetings excluding service tax.

The committee meet from time to time for formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.



## EXPLANATIONS OR COMMENTS BY THE BOARD ON EVERY QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER MADE

Based on the Auditors report, remarks/disclaimer in their report, the management explained to the shareholders as below:

Point no. 7 Emphasis of Matter: The management of the company based on the internal assessment and evaluations considers that these long term outstanding accounts receivables are in the normal course of business with existing customers i.e Alter Ego group are recoverable/adjustable and that no provision is necessary at this stage.

Annexure A point no. (v): The advances from the customers are in the normal course of the business and not covered under Companies (Acceptance of Deposits) Rules, 2014. The management expect these advances to be adjusted shortly during the course of business.

Annexure A point no xi: Management explained that due to loss incurred during the year ended March 2017 by the company the remuneration of Mr. Arun Mudgal exceeds the prescribed limit under Companies Act 2013, the matter has been discussed before the board and decided to seek the approval of the shareholder in the ensuing Annual General Meeting for the waiver of excess managerial remuneration.

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

The company disclosed that sec 186 not applicable to the company and the company shall not give any loans, made any investment or provide any security to any other company.

## PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SUB-SECTION (1) OF SECTION 188.

All Related Party Transactions that were entered into during the financial year were on arm's length and were in the ordinary course of business. All Related Parties Transactions were placed before the Audit Committee and Board of Directors for their approval. The Audit Committee has granted omnibus approval for Related Party Transactions as per the provisions and restrictions contained therein.

The Company has formulated a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions.

The Company in the ordinary course of its business, enters into transactions relating to purchase, transfer or receipt of products, goods, active pharmaceutical ingredients, materials, services, other obligations from B. Braun Group companies, who is a 'Related Party' within the meaning Section 2 (76) of the Act.

## DEPOSITS

The Company has not accepted any deposit under section 73 of the Companies Act, 2013

## RISK MANAGEMENT

This Risk Management Policy is a formal acknowledgement of the commitment of the company to risk management. The aim of the policy is not to have risk eliminated completely from Companies activities, but rather to ensure that every effort is made by the company to manage risk appropriately to maximise potential opportunities and minimise the adverse effects of risk.

## POLICY OBJECTIVES

To confirm and communicate the company's commitment to risk management to assist in achieving its strategic and operational goals and objectives.

To formalize and communicate a consistent approach to managing risk for all departmental activities and to establish a reporting protocol.

To ensure that all significant risks to the company are identified, assessed and where necessary treated and reported to the committee.

To assign accountability to all staff for the management of risks within their areas of control.

To provide a commitment to staff that risk management is a core management capability.

## SCOPE OF THE POLICY

Risk is an inherent aspect of all Company's, administrative and commercial business activities. Sound risk management principles must become part of routine management activity across the company. The key objective of this policy is to ensure the company has a consistent basis for measuring, controlling, monitoring and reporting risk across the company at all levels.

In addition to the above the company also follows the Group Risk Manual for the best interest of the Company with effect from 1st April, 2016. The Risk data is periodically reviewed by the board in their meeting.

## CORPORATE SOCIAL RESPONSIBILITY

The Company has actively supported various initiatives in the areas of health, education and environment over the years. With the introduction of Section 135 of the Act, which came into effect during this financial year, the Company has already constituted a Corporate Social Responsibility ("CSR") Committee. The CSR Policy adopted by the Board of Directors is available on the Company's website. The CSR Committee will decide to implement the programmes as per the CSR project report and increase focus on health and education in the years ahead.

In addition to the above company plans to implement our CSR Project through NGOs as approved by our CSR committee in rural health near by our Factory and offices. The details of Project, and its application in CSR will be placed in the next Report.

The Committee has adopted a Corporate Social Responsibility Policy. As per Section 135(5) of the Act, the Company needs to ensure at least 2% of the average net profit of preceding three financial years is spent on CSR activities as mentioned in CSR Policy. The average result of preceding three financial years 2013-14, 2014-15 and 2015-16 was ₹ 97,421,704/- and the CSR obligations was ₹ 1,948,434/- (P.Y. ₹ 4,72,8152/-).

Our company already finalizes the implementing agencies for the CSR Project and will approve in the ensuing committee & board meeting and execute the CSR Project and submit the compliances in the next Report.

## DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The company has in place a policy for prevention of sexual harassment in accordance with the requirements of the Sexual Harassment of women at workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee has been set up to redress complaints received



regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. The Company did not receive any complain during the year 2016-17.

#### **CORPORATE GOVERNANCE**

The best Corporate Governance practices have been adopted by Ahlcon Parenterals (India) Ltd. and the same is being continuously reviewed to ensure that they adhere to the latest corporate developments and conform to the best corporate governance ethics.

#### **STATE OF COMPANY'S AFFAIRS**

A brief state of company's affairs as given below aims to be helpful to the Shareholders of the company and provide them with an in-depth Analysis of the business prospects.

Ahlcon Parenterals (India) Limited is one of the leading manufacturing Company in the Indian Pharmaceutical Industry. The Company's revenues are mainly from Contract Manufacturing, Institutional sales and ethical sale of branded-generic and unbranded generic manufactured pharmaceutical products. A further break down of pharmaceutical sales can be done as, Domestic formulations (comprising branded pharmaceuticals formulations sold in the domestic market), Contract manufacturing (comprising sourcing, manufacturing and supplying pharmaceutical formulations to giant pharma company under their brand name) and direct export to International market comprising exports of branded and generic manufactured pharmaceutical formulations. The operating costs primarily comprise raw and packing materials, purchase of finished goods, staff cost, selling and marketing expenses, manufacturing, Research & Development expenses and general overheads.

#### **AUDITOR'S REPORT**

The remarks referred to in the Auditors Report are self explanatory except on the observation of disputed tax /other demand mentioned at point no. vii (b) of the Annexure-A to their report, the company has already preferred appeals before the appellate authorities against the said demand of the respective departments. Company has strong grounds to believe that the appellate authorities shall pass orders in favour of the company.

#### **AUDITORS**

In compliance with the mandatory provisions under Companies Act, 2013, office of the Statutory Auditors M/s. Arun K. Gupta & Associates, Chartered Accountants ceased to valid in the ensuing 25<sup>th</sup> AGM. The resignation of statutory auditors accepted by the board.

Hence, The expression of interest, consent letter along with profile of M/s. Price Waterhouse Chartered Accountants LLP (FRN: 012754N/N500016) has been obtained by the Company to act as the Statutory Auditors of the Company.

The Audit Committee and Board approved the appointment and remuneration of Statutory Auditors M/s. Price Waterhouse Chartered Accountants LLP (FRN: 012754N/N500016 subject to approval by the shareholders in the 25<sup>th</sup> Annual General Meeting of the Company.

#### **COST AUDITORS**

The Board of Directors reappointed M/s Kabra and Associates, Cost Accountant, New Delhi, holding valid certificate of practice no. 000075 as the Cost Auditor for conducting the Cost Audit for the financial year 2017-18 with a remuneration of ₹50,000/- is settled mutually. The Audit Committee of the company recommended for their reappointment in accordance with Companies (Audit and Auditors) Rules, 2014, and relevant notification issued by the Ministry of Corporate Affairs.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS / OUTGO**

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134 of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014, in the annexure forming part of this report.

#### **PARTICULARS OF EMPLOYEES**

During the year under review, no employee was in receipt of remuneration exceeding the specified limits. Hence, disclosure under section 134 of the Companies Act, 2013 read with companies (Appointment and Remuneration of Managerial Personal) Rules 2014, is not required .

#### **INDUSTRIAL RELATION**

The Company continues to maintain very healthy, cordial and harmonious industrial relations at all levels and your Directors wish to place on record their appreciation for the contributions made by the employees at all levels and take this opportunity to thank all employees for their hard work, dedication and commitment.

#### **ACKNOWLEDGMENTS**

Your Directors take this opportunity to offer their sincere thanks to various departments of the Central and State Governments, Banks and Investors for their unstinted support, assistance and valuable guidance. Last but not the least, the directors wish to place on record their deep sense of appreciation for the devoted service of the Executives, Staff and workers of the company at all levels.

**For and on behalf of the Board of Directors**

Place: New Delhi

Date: 18.08.2017

Andreas Walde

Chairman

DIN : 07331893



# ANNEXURE TO THE DIRECTORS' REPORT

## I. CONSERVATION OF ENERGY

Steps towards energy conservation are being continuously undertaken to reduce wastage and improve efficiency resulting in reduced energy cost. The company has regularly implement new and improved powers saving techniques to optimize the energy consumption and reduce cost on such account.

## II- TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION:

The company manufactures I V Fluids and ophthalmic products using the FFS (Form-Fill-Seal) latest imported technology which is considered as the best technique world over.

### FORM-B

1. Specific area in which R & D carried out by the Company.
  - a. To develop new products in different dosage form for Domestic and International market;
  - b. To develop new analytical methods and their validation
  - c. Improvement of existing products with the objective to reduce cost, improve process and quality;
  - d. To develop new innovative products in novel drug delivery system;
  - e. To develop new innovative products for different segments where currently products are not available;
  - f. To develop 'ready to use' injectable dosage form;
  - g. To conduct stability study of development products as per ICH guidelines.
2. Benefits derived as results of the R & D process.  
Products are developed by R & D division and commercialized. Products are under different stages of development and a few more have been taken off for cost optimization.
3. Future plan of action  
Your company has ambitious plans to invest further for enhancing in R & D capabilities.
4. Expenditure on Research and Development :

	CURRENT YEAR (₹)	PREVIOUS YEAR (₹)
Capital Expenditure:	-	
Revenue Expenditure:		
Material	1,050,286	8,33,733
Personnel	1,208,859	8,30,563
Printing & Stationery	1,80,250	1,98,678
	2,439,395	1,862,974
Depreciation (R & D Division)	2,55,123	3,21,084
<b>Total R &amp; D Expenditure</b>	<b>2,694,518</b>	<b>2,184,058</b>
As a percentage of Total Turnover	0.20%	0.16%

## III - FOREIGN EXCHANGE EARNINGS AND OUTGO: (₹ in lacs)

	CURRENT YEAR	PREVIOUS YEAR
Foreign Exchange Earnings	2390.18	1876.67
Foreign Exchange Outgo:		
(a) Imports - Machinery spares	119.20	73.38
(b) Capital Goods	79.57	476.44
(c) Imports - Raw Materials	1813.48	1980.01
(d) Bank charges	15.38	23.38
(e) Salaries	6.81	20.06
(f) Travelling Expenses	6.80	14.54
(g) Rates & Taxes (including fees)	2.97	-
(h) Technical Services	101.24	66.00
(i) Interest on Buyers Credit	-	0.47
(j) Interest on Supplier Credit	96.27	117.52

For and on behalf of the Board of Directors

Place: New Delhi  
Date: 18.08.2017

**Andreas Walde**  
Chairman  
DIN : 07331893



**Annexure**  
(Form No. MGT-9)  
**Extract of Annual Return as on**  
**The Financial Year Ended on 31<sup>st</sup> March, 2017**  
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the  
Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

1. CIN	CIN - U24239DLI992PLC047245
2. Registration Date	20 <sup>th</sup> January 1992
3. Name of the Company	Ahlcon Parenterals (India) Limited
4. Category/Sub-Category of the Company	Public Limited Company
5. Address of the Registered office and contact details	Plot no. 30/30E, 2 <sup>nd</sup> Floor, Shivaji Marg, Najafgarh Road Industrial Area, New Delhi-110015 Ranjan Kumar Sahu   Company Secretary & Sr. Manager- Legal
6. Whether listed company	No.
7. Name, Address and Contact details of Registrar and Transfer Agent, if any	Mr N C Pal MAS SERVICES LTD T- 34, 2 <sup>nd</sup> Floor, Okhla Industrial Area, Phase - II, New Delhi-110 020 Ph: 011 - 26387281/82/83, Fax: 011 - 26387384 Email: info@masserv.com / Website: www.masserv.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/	% TO TOTAL TURNOVER OF THE COMPANY
1	Manufacture of Allopathic Pharmaceutical Preparations.	3004, 21002	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

S. NO.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY /ASSOCIATE	% of shares held	Applicable Section
1	B. Braun Singapore Pte. Ltd.	198703127H	Holding Company	96.12	Sections 2(46)
1	B. Braun Medical India Pvt. Ltd.	U33112MH1984PTC214514	Associate Company	Nil	Sections 2(6)

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)****i. Category-wise Share Holding**

CATEGORY OF SHAREHOLDERS	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR				NO OF SHARES HELD AT THE END OF THE YEAR				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A.Promoter</b>									
<b>1) Indian</b>									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-



b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A)(1):-</b>	-	-	-	-	-	-	-	-	-
<b>2) Foreign</b>	-	-	-	-	-	-	-	-	-
g) NRIS - Individuals	-	-	-	-	-	-	-	-	-
h) Other-Individuals	-	-	-	-	-	-	-	-	-
i) Bodies Corp.	6740932	-	6740932	93.62	6920492	-	6920492	96.12	2.5
j) Banks / FI	-	-	-	-	-	-	-	-	-
k) Any Other...	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2):-</b>	<b>6740932</b>	<b>-</b>	<b>6740932</b>	<b>93.62</b>	<b>6920492</b>	<b>-</b>	<b>6920492</b>	<b>96.12</b>	<b>2.5</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-Total (B)(1)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2. Non Institutions</b>									
a) Bodies Corp.	186069	-	186069	2.58	10359	-	10359	0.14	(2.44)
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 2 lakh	272200	-	272200	3.78	268400	-	268400	3.73	(0.05)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (Specify)	949	-	949	0.013	899	-	899	0.012	(0.01)
<b>Sub-total (B)(2)</b>	<b>459218</b>	<b>-</b>	<b>459218</b>	<b>6.38</b>	<b>289658</b>	<b>-</b>	<b>289658</b>	<b>3.88</b>	<b>(2.50)</b>
Total Public Shareholding (B)=(B) (1)+(B) (2)	<b>459218</b>	<b>-</b>	<b>459218</b>	<b>6.38</b>	<b>289658</b>	<b>-</b>	<b>289658</b>	<b>3.88</b>	<b>(2.50)</b>
C. Shares held by Custodian for GDR & ADR	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>7200150</b>	<b>-</b>	<b>7200150</b>	<b>100.00</b>	<b>279658</b>	<b>-</b>	<b>279658</b>	<b>3.88</b>	

**II. Shareholding of Promoters**

S. NO.	SHAREHOLDER'S NAME	SHAREHOLDING AT THE BEGINNING OF THE YEAR			SHAREHOLDING AT THE END OF THE YEAR			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbe red to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbe red to total shares	
1	B. Braun Singapore Pte. Ltd.	6740932	93.62	-	6920492	96.12	-	2.50
	<b>TOTAL</b>	6740932	93.62	-	6920492	96.12	-	2.50

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

S. NO.		SHAREHOLDING AT THE BEGINNING OF THE YEAR		CUMULATIVE SHAREHOLDING DURING THE YEAR	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	At the beginning of the year	6740932	93.62	6920492	96.12
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Increase shares through exit offer	-	-	-
	At the end of the year	6740932	93.62	6920492	96.12

**V. INDEBTEDNESS**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	2,506,975,061	-	2,506,975,061
ii) Interest due but not paid	-	11,029,993	-	11,029,993
iii) Interest accrued but not due	-	5,669,580	-	5,669,580
Total (i+ii+iii)	-	2,523,674,634	-	2,523,674,634
Change in Indebtedness during the financial year				
- Addition	-	228,759,477	-	228,759,477
- Reduction	-	(14,810,925)	-	(14,810,925)
Net Change	-	213,948,552	-	213,948,552
Indebtedness at the end of the financial year				
i) Principal Amount	-	2,735,734,538	-	2,735,734,538
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	1,888,648	-	1,888,648
Total (i+ii+iii)	-	2,737,623,186	-	2,737,623,186




**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager**

S. NO.	PARTICULARS OF REMUNERATION	NAME OF MD (Arun Mudgal)	TOTAL AMOUNT
1.	Gross salary (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	1,021,060 66,437 -	1,021,060 66,437 -
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission - as % of profit (performance and incentives)	3,98,882	3,98,882
5.	Others,	8,44,706	8,44,706
6.	Total (A)	2,331,085	2,331,085
	Ceiling as per the Act	-	As per the Act

**B. Remuneration to other Directors:**

S. NO.	PARTICULARS OF REMUNERATION	NAME OF DIRECTORS	TOTAL AMOUNT
	Independent Directors Fee for attending board Committee meetings Commission others, please specify	Mr. Arun K. Gupta Dr. S. C. L. Gupta Dr. S. S. Arora	70,000 70,000 60,000
	Total (1)		2,00,000
	Other Non-Executive Directors Fee for attending board Committee meetings Commission Others, please specify	-	-
	Total (2)		-
	Total (B)=(1+2)	-	2,00,000
	Total Managerial Remuneration	-	2,00,000
	Overall Ceiling as per the Act	-	As Per the Act

**C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD**

S. NO.	PARTICULARS OF REMUNERATION	KEY MANAGERIAL PERSONNEL		
		COMPANY SECRETARY	CFO	TOTAL
1.	Gross salary (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 Profits in lieu of salary under section 17(3) Income-tax Act, 1961	1,149,120	3,564,344	4,713,464
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission as % of profit others, specify...	-	-	-
5.	Others, (Including Performance Bonus)	-	-	-
6.	Total (A)	1,149,120	3,564,344	4,713,464

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES : NIL**



# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF

## AHLCON PARENTERALS (INDIA) LIMITED

### Report on the Financial Statements

1. We have audited the accompanying financial statements of Ahlcon Parenterals (India) Limited ("the Company"), which comprise the Balance Sheet as at March 31<sup>st</sup>, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

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

### Emphasis of Matter

Without qualifying our opinion, attention is invited to note 42 with regard to long outstanding trade receivable from Alter Ego Group, which is subject to confirmation, reconciliation and adjustments if any, and also due to non-fulfillment of settlement obligations by them, we are unable to comment on the extent of recoverability of trade receivables amounting to ₹41,715,464/- (net of provisions\ write offs) and consequently on the adequacy of provision for doubtful debts made by the Company. The impact thereof on the loss for the period, if any, is presently not ascertainable.

### Opinion

8. 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 March 31, 2017, and its loss and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

9. 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.
10. **As required by Section 143 (3) of the Act, we report that:**
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016.
  - (e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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" to this report.



- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
- I) The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer note 25 to the financial statements;
- ii) The Company has made provision as at March 31, 2017, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
- iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv) The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30<sup>th</sup> December, 2016. Based on audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of account maintained by the Company and as produced to us by the management- Refer Note 43 to financial statements.
- iii The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Therefore, the provisions of Clause 3(iii), (iii) (a), (iii) (b) & (iii) (c) of the said Order are not applicable to the Company and hence no commented upon.
- iv According to the information and explanations given to us and the records of the Company examined by us, the company has not given/made any loans, investments, guarantees & security as per the provisions of section 185 and 186 of the Companies Act, 2013. 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 within the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under except for advance received from customers outstanding for more than one year amounting to ₹232,639/-. The Company claims that considering the nature of business these advances are in the normal course of the business and not covered under Companies (Acceptance of Deposits) Rules, 2014.
- vi. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Govt. for the maintenance of Cost Records under 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 maintained. We have however, not made a detailed examination of these records.

For ARUN K. GUPTA & ASSOCIATES

Chartered Accountants

Firm Registration No. - 000605N

(SACHIN KUMAR)

Place: New Delhi

Partner

Dated: 13.07.2017

M. No- 503204

#### Annexure A to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Ahlcon Parenterals (India) limited on the financial statements as of and for the year ended March 31, 2017.

- i. (a) The Company has maintained proper records showing particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year in a phased manner and no material discrepancies have been noticed on such verification. In our opinion, the frequency of physical verification of fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The title deeds of free hold immovable properties are held in the name of the Company.
- ii. The management has conducted physical verification of inventory at reasonable intervals and no material discrepancies in inventory were noticed on physical verification.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues as applicable to the Company, with the appropriate authorities.
- According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were in arrears as at 31 March, 2017 for a period of more than six months from the date they became payable.
- b. According to the information and explanations given to us and the records of the Company examined by us, the dues outstanding of income tax, sales tax, duty of customs, duty of excise and value added tax which have not been deposited with the appropriate authorities on account of any dispute as at March 31, 2017 are stated below:-
- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank. The Company does not have any dues outstanding to debenture holders.



NATURE OF STATUTE	NATURE OF DUES	AMOUNT (₹)	PERIOD TO WHICH AMOUNT RELATES	FORUM WHERE DISPUTE IS PENDING
Central Sale Tax	Demand against non submission of the forms	23,761/-	April 07 to March 08	Sales Tax Commissioner, Bhiwadi
Entry Tax	Demand for entry tax	5,56,043/-	April 14 to March 17	High Court Rajasthan
Central Excise	Wrongly availed exemption	4,94,174/-	April 10 to January 15	Commissioner Appeal, Jaipur
Central Excise	Wrongly taken CENVAT credit on sales commission	49,81,231/-	April 12 to January 16	Addl. Commissioner, Alwar/ Commissioner Appeal Jaipur
Central Excise	CENVAT Credit on freight & Documentation Charges/Handling Charges/Agency Charges	44,94,711/-	April 11 to September 15	Addl. Commissioner, Alwar
Central Excise	Short Payment of duty on Physician Sample	41,89,950/-	April 10 to December 15	Addl. Commissioner, Alwar
Central Excise	Wrong availment of CENVAT Credit on Obsolete Stock	10,55,645/-	2011-12 & 2012-13	Addl. Commissioner, Alwar
Central Excise	Wrong availment of CENVAT Credit on Wages Contractor	38,17,248/-	2006-07 to 2011-12	Assistant Commissioner, Bhiwadi

- ix. Based on the audit procedures applied by us & according to the information & explanations provided by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised. The Company has not raised any moneys by way of further public offer (including debt instruments) during the year.
- x. Bases upon the audit procedure performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the

management, we report that no fraud by the Company or no fraud/material fraud on the company by the officers and employees of the company has been noticed or reported during the year.

- xi. According to the records of the Company examined by us and the information and explanation given to us, the Company has paid and provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act 2013. However due to losses incurred during the year, the remuneration exceeds the limits specified in Schedule V. The details are as below:

PAYMENT MADE TO MANAGING DIRECTOR (₹)	AMOUNT PAID/ PROVIDED IN EXCESS OF THE LIMITS PRESCRIBED (₹)	AMOUNT DUE FOR RECOVERY AS AT BALANCE SHEET DATE (₹)	STEPS TAKEN TO SECURE THE RECOVERY OF THE AMOUNT	REMARKS, IF ANY.
23,31,085/-	7,31,633/-	7,31,633/-	Company proposes to seek approval of the excess remuneration by passing a special resolution in ensuing Annual General Meeting (AGM)	Excess due to losses incurred during the year.)

- xii. In our opinion & according to the information & explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the records of the Company examined by us and the information and explanation given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Companies Act 2013 where applicable and the details have been disclosed in the financial statements, as required by the applicable accounting standards.
- xiv. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

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

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

For ARUN K. GUPTA & ASSOCIATES  
Chartered Accountants  
Firm Registration No. - 000605N  
(Sachin Kumar)  
Partner  
M. No- 503204

Place: New Delhi  
Dated: 13.07.2017



## ANNEXURE - B REFERRED TO IN PARAGRAPH 10 OF OUR REPORT OF EVEN DATE UNDER SECTION 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS'

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

We have audited the internal financial controls over financial reporting of Ahlcon Parenterals (India) Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (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 Companies Act, 2013.

#### Auditor's Responsibility

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

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

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

#### Meaning of Internal Financial Controls over Financial Reporting

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

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

#### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, 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 ARUN K. GUPTA & ASSOCIATES

Chartered Accountants

Firm Registration No. - 000605N

(Sachin Kumar)

Partner

M. No- 503204

Place: New Delhi

Dated: 13.07.2017

**BALANCE SHEET** AS AT 31ST MARCH, 2017

PARTICULARS	NOTE	AS AT 31ST MARCH, 2017		AS AT 31ST MARCH, 2016	
		(₹)	(₹)	(₹)	(₹)
<b>EQUITY AND LIABILITIES</b>					
Shareholders' Funds					
Share Capital	3	72,001,500		72,001,500	
Reserves and Surplus	4	5,02,648,524	5,74,650,024	640,876,152	7,12,877,652
<b>Non-Current Liabilities</b>					
Long Term Borrowings	5	1,000,000,000		1,820,750,988	
Other Long Term Liabilities	7	2,660,536		3,740,360	
Long Term Provisions	8	10,583,904	1,013,244,440	8,888,573	1,833,379,921
Deferred Tax Liabilities (net)	6		-		-
<b>Current Liabilities</b>					
Short Term Borrowings	5	1,735,734,538		6,86,224,073	
Trade Payable "Dues of Micro, Small & Medium Enterprises"	9	6,452,175		3,071,922	
Trade Payable "Other than Dues of Micro, Small & Medium Enterprises"	9	34,957,514		60,658,042	
Other Current Liabilities	10	2,52,462,604		2,81,649,187	
Short Term Provisions	8	11,551,407	2,041,158,238	11,373,413	1,042,976,637
<b>TOTAL</b>			<b>3,629,052,702</b>		<b>3,589,234,210</b>
<b>ASSETS</b>					
<b>Non Current Assets</b>					
<b>Fixed Assets</b>					
Tangible Assets	11	2,743,018,098		2,882,933,392	
Intangible Assets	11	7,367,928		9,407,337	
Capital Work-In-Progress	11	2,74,547,405		1,08,332,583	
Long-Term Loans and Advances	12	43,192,553	3,068,125,984	43,437,962	3,044,111,274
<b>Current Assets</b>					
Inventories	13	1,70,655,972		2,15,214,385	
Trade Receivables	14	3,32,136,643		2,61,238,424	
Cash and Bank Balances	15	5,320,250		17,567,621	
Short Term Loans and Advances	12	18,065,381		20,969,263	
Other Current Assets	16	34,748,472	5,60,926,718	30,133,243	5,45,122,936
<b>TOTAL</b>			<b>3,629,052,702</b>		<b>3,589,234,210</b>
Significant Accounting Policies & Notes to Financial Statements	(1 to 44)				

As per our report of even date  
For Arun K. Gupta & Associates  
Chartered Accountants  
Firm Registration No : 000605N

Sachin Kumar  
Partner  
M. No. 503204

Place : New Delhi  
Date : 13-07-2017

For and on behalf of the board  
Ahlcon Parenterals (India) Limited

Anand Chandrashekhar Apte  
Chairman & Managing Director  
DIN No. 01677401

Sandeep Chotia  
Chief Financial Officer

Andreas Walde  
Director  
DIN No. 07331893

Ranjan Kumar Sahu  
Company Secretary



# STATEMENT OF PROFIT & LOSS

FOR THE YEAR ENDED 31ST MARCH, 2017

PARTICULARS	NOTES	YEAR ENDED 31ST MARCH, 2017		YEAR ENDED 31ST MARCH, 2016	
		(₹)	(₹)	(₹)	(₹)
<b>INCOME</b>					
Revenue from Operations	17		1,516,387,648		1,333,820,462
Less: Excise duty	17		1,62,496,134		143,846,473
Revenue from Operations (Net)			1,353,891,514		1,189,973,989
Other Income	18		6,098,980		4,200,978
<b>Total Revenue</b>			<b>1,359,990,494</b>		<b>1,194,174,967</b>
<b>EXPENDITURE</b>					
Cost of Materials Consumed	19		4,18,448,970		4,71,394,101
Changes in Inventories of Finished Goods & work-in-progress	20		46,005,405		(65,098,049)
Employee Benefits Expense	21		2,45,604,517		2,24,468,347
Finance Costs	22		172,942,891		1,65,678,262
Depreciation and Amortisation Expense	11		163,019,515		1,61,283,201
Other Expenses	23		452,196,824		4,74,160,166
<b>Total Expenses</b>			<b>1,498,218,122</b>		<b>1,431,886,028</b>
<b>Profit/(Loss) Before Tax</b>			<b>(1,38,227,628)</b>		<b>(2,37,711,061)</b>
<b>Tax Expenses:</b>					
Current Tax Expense for Current year			-		-
Current Tax Expense Relating to Prior years			-		9,34,764
Net Current Tax Expense			-		9,34,764
Deferred Tax			-		(53,316,026)
<b>Tax Expenses</b>			<b>-</b>		<b>(52,381,262)</b>
<b>Profit/(Loss) for the Year</b>			<b>(1,38,227,628)</b>		<b>(1,85,329,799)</b>
Earnings per Equity Share of - Face Value of ₹ 10/- each					
Basic	24		(19.20)		(25.74)
Diluted			(19.20)		(25.74)
Significant Accounting Policies & Notes to Financial Statements	(1 to 44)				

As per our report of even date  
For Arun K. Gupta & Associates  
Chartered Accountants  
Firm Registration No : 000605N

For and on behalf of the board  
Ahlcon Parenterals (India) Limited

Sachin Kumar  
Partner  
M. No. 503204

Anand Chandrashekhar Apte  
Chairman & Managing Director  
DIN No. 01677401

Andreas Walde  
Director  
DIN No. 07331893

Place : New Delhi  
Date : 13-07-2017

Sandeep Chotia  
Chief Financial Officer

Ranjan Kumar Sahu  
Company Secretary



# NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

## Significant Accounting Policies

### Notes to financial statement for the year ended March 31<sup>st</sup>, 2017

#### 1 Nature of Operations

Ahlcon Parenterals (India) Limited is the manufacturer of Pharmaceutical Intravenous Fluids and Ophthalmics & Others

#### 2 Statement of Significant Accounting Policies

##### a. Basis of Accounting

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which revaluation is carried out. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

##### b. Change in Accounting Policy

Pre-revised AS 10 required that stand-by and servicing equipment should normally be capitalized as property, plant and equipment. It required that machinery spares are usually treated as inventory and charged to profit or loss on consumption. However, spares parts that can be only used in connection with a particular item of property, plant and equipment, and whose use is expected to be irregular, are capitalized. Such spare parts are depreciated over a period, not exceeding the remaining useful life of the principal asset.

According to AS 10 (R), all spare parts, stand-by and servicing equipment qualify as property, plant and equipment (PPE) if they meet the definition of PPE i.e. if the company intends to use these during more than a period of 12 months. The spare parts capitalized in this manner are depreciated as per AS 10 (R).

The company has changed its accounting policy of property, plant and equipment to comply with AS 10 (R). The company has applied transitional provisions, which requires previously recognized stores and spares as inventory should be capitalized as a PPE at its carrying amount and depreciated prospectively over its remaining useful life.

Had the company continued to use the earlier policy of classifying stores and spares as inventories, its financial statements for the period would have been impacted as below:

Inventories would have been higher by ₹ 955,950, Net block of property, plant and equipment would have been lower by ₹ 628,896, depreciation would have been lower by ₹ 327,054. Loss for the current period would have been lower by ₹ 327,054 (net of tax impact of ₹ 213,867)

##### c. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

##### d. Revenue Recognition

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

##### Sale of Goods

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. It includes excise duty but excludes sales return, volume discount and value added tax / sales tax. Excise Duty deducted from turnover (gross) is the amount that is

included in the amount of turnover (gross) and not the entire amount of liability that arose during the year.

Revenue from the sale / Contract Packaging of goods is recognised upon dispatch of goods to the customers and shown net of sales tax and excise duty.

In accordance with AS 9 on 'Disclosure of Revenue from Sales Transactions' issued by Institute of Chartered Accountants of India, excise duty on turnover has been reduced from turnover in Profit & Loss Account.

##### Export Benefit

Export Benefits constituting import duty benefits under Duty Draw Back & MEIS are accounted for on accrual basis. Export benefits under Duty Draw Back & MEIS are considered as other operating income.

##### Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

##### Policy for Insurance Claims

Claims receivable on account of insurance are accounted for to the extent the Company is reasonably certain of their ultimate collection.

##### e. Tangible fixed Assets - Property, Plant & Equipments

Tangible fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Items of stores & spares that meet the definition of Property, Plant & equipment are capitalised at cost and depreciate over their useful life. Otherwise, such items are classified as inventories.

Expenditure directly relating to construction activity is capitalized (net of income, if any). Indirect expenditure specifically attributable to construction of a project or to the acquisition of the fixed assets or bringing it to working condition is capitalised as part of Construction project or as a part of Fixed assets. Other indirect expenditure incurred during the construction period which is not related to construction activity nor is incidental thereto is charged to Statement of profit and loss.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of profit and loss when the asset is derecognized.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of profit and loss for the period during which such expenses are incurred.

##### f. Depreciation

i. Depreciation on fixed assets is provided using Straight Line Method on prorata basis at the rates and manners prescribed in schedule II of Companies Act 2013 except for the plant & machinery. The depreciation on plant & machinery has been provided based on the useful life estimated by the management. The company has used the following rates of depreciation on plant & machinery using straight line method.

Useful lives estimated by the management based on technical advise for plant and machinery\* 19 years i.e @ 5%

\* For these class of assets, based on internal technical assessment, the management believes that the useful life as given above best represents the period over which management expects to use the assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under part C of Schedule II of the Companies Act 2013. The life of plant and machinery is based on triple shift working.





# NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

- ii. Leasehold land is amortized over the period of lease.
- iii. Fixed assets costing below ₹5,000 are depreciated at the rate of 100%.
- iv. Depreciation on the amount of additions made to fixed assets due to up gradations / improvements is provided over the remaining useful life of the asset to which it relates.
- v. Depreciation on fixed assets added/disposed off during the year is provided on pro-rata basis.

## g. Intangibles

Software costs relating to acquisition of initial software license fee and installation costs are capitalized in the year of purchase. Software's are amortized on a straight-line basis over its useful life, which is considered not exceeding 10 years.

## h. Borrowing Cost

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

## i. Inventories

Inventories are valued as follows :

### Finished goods and Work in Progress :

Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on moving weighted average basis.

Scrap : Net Realisable value

### Raw Material, Stores and Spare and others :

Lower of cost and net realizable value. However materials and other items held for use in the production of inventories are not written down below cost if the finished products, in which they will be incorporated, are expected to be sold at or above cost. Cost of Raw materials is determined on a monthly moving weighted average basis and cost of stores and spares is determined on transaction moving weighted average.

## j. Foreign Currency Transactions

### Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

### Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

### Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

In terms of the Notification No.G.S.R. 225(E) dated 31.03.2009 as amended till date issued by the Ministry of Corporate Affairs on Accounting Standard (AS-11) Para 46A read with clarification issued by the Ministry of Corporate Affairs vide Circular No.25/2012 dated

August 09, 2012 on AS-11 relating to "the effects of changes in Foreign Exchange Rates", the Company has exercised option to adjust the foreign exchange difference on long term foreign currency loans to the cost of qualifying capital assets.

### Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the Statement of profit and loss in the year in which the exchange rate changes.

## k. Leases

Operating Leases: Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of profit and loss on a straight-line basis over the lease term.

## l. Income Taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the company has unabsorbed depreciation and carry forward of tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative Tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

## m. Impairment of Assets

- i) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value a pre-tax discount rate that reflects current market assessment of the time value of money and risks specific to asset.
- ii) After impairment, depreciation is provided on the revised carrying amount of the asset over the remaining useful life.

## n. Research & Development

Revenue expenditure on research and development is recognised as expense in the year in which it is incurred.

Capital expenditure on research and development is shown as addition to fixed assets.



## NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

### o. Retirement and other Employee Benefits

Retirement benefits in the form of Provident Fund (where contributed to the Regional Provident Fund Commissioner) and employee state insurance are defined contribution schemes. The Company has no obligation, other than the contribution payable to the respective authorities. The Company recognizes contribution payable to respective authorities as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

Actuarial gains/losses are immediately taken to Statement of profit and loss and are not deferred.

### p. Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

### q. Segment Reporting

#### Identification of segments:

Secondary Segment

Geographical Segment

The activities of the Company relate to single segment i.e. pharmaceuticals business segment and has only one reportable segment. However, the analysis of Company's revenue generation is based on the geographical location of its customer's and does not have any identifiable 'Primary Segment' for reporting.

Accordingly, the geographical location segment have been considered for disclosure as follows:

#### For Sales Revenue ;

- Sales with in india includes Sales to customers located with in india.
- Sales outside india includes Sales to customers located outside india.

#### For Carrying Amount of Geographical Segment Assets (i.e. receivables);

Carrying amount (receivables) of Geographical segmented assets are as follows:

- Receivables within India
- Receivables outside India
- Segment Liabilities outside India (Advance from Customers)

#### For Common Fixed Assets;

The Company has common fixed assets for producing goods for domestic market and Overseas Market. Hence, segregated figures are not furnished.

### r. Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

### s. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

### t Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### u. Current and non-current classification

All assets and liabilities are classified into current and non-current.

#### Assets

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

- i) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- ii) it is held primarily for the purpose of being traded;
- iii) it is expected to be realized within 12 months after the reporting date;
- iv) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

#### Liabilities

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

- i) it is expected to be settled in the Company's normal operating cycle;
- ii) it is held primarily for the purpose of being traded;
- iii) it is due to be settled within 12 months after the reporting date;
- iv) the Company does not have an unconditional right to defer settlement of the liability for at least 12 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 liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.



# NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

## NOTE 3 - SHARE CAPITAL

PARTICULARS	AS AT 31ST MARCH, 2017		AS AT 31ST MARCH, 2016	
		(₹)		(₹)
<b>Authorised Share Capital (No)</b>				
11,000,000 (P.Y. 11,000,000) Equity Shares of ₹ 10/- each		110,000,000		110,000,000
7,000,000 (P.Y. 7,000,000) Preference Shares of ₹ 10/- each		70,000,000		70,000,000
		180,000,000		180,000,000
<b>Issued, Subscribed and fully paid up (No.)</b>				
7,200,150 (P.Y. 7,200,150) Equity Shares of ₹ 10/- each		72,001,500		72,001,500
<b>Total Share Capital</b>		<b>72,001,500</b>		<b>72,001,500</b>

### a) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year.

	AS AT 31ST MARCH, 2017		AS AT 31ST MARCH, 2016	
	Number of shares	Amount in (₹)	Number of shares	Amount in (₹)
<b>Equity Shares</b>				
At the beginning of the year	7,200,150	72,001,500	7,200,150	72,001,500
Issued during the year	-	-	-	-
Outstanding at the end of the year	7,200,150	72,001,500	7,200,150	72,001,500

### b) Terms / rights / preferences and restrictions attached to the each class of shares

#### (i) Terms/ rights attached to Equity Shares

The Company has fully paid up equity shares having a par value of ₹ 10/- per share. Each holder of equity share is entitled to one vote pershare.

The company declares and pays dividend in Indian rupee.

Dividend paid / distributed to Equity Shareholders C.Y. ₹ Nil (Previous year ₹ Nil).

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. This distribution will be in proportion to the number of equity shares held by the shareholders.

### c) Shares held by holding / ultimate holding company and / or their subsidiaries / their associates.

CLASS OF SHARES / NAME OF SHAREHOLDER	AS AT 31ST MARCH, 2017		AS AT 31ST MARCH, 2016	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
<b>Equity Shares</b>				
M/s B. Braun Singapore Pte. Ltd.	6,920,492	96.12	6,740,932	93.62
* includes 30,210 shares in Escrow Account pending Procedural Compliances				

### d) Details of shares held by each shareholder holding more than 5% shares in the Company

<b>Equity Shares</b>				
M/s B. Braun Singapore Pte. Ltd.	6,920,492	96.12	6,740,932	93.62
* includes 30,210 shares in Escrow Account pending Procedural Compliances				



# NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

## NOTE 4 - RESERVES AND SURPLUS

PARTICULARS	AS AT 31ST MARCH, 2017 (₹)		AS AT 31ST MARCH, 2016 (₹)	
<b>Capital Reserve</b>				
State Subsidy on Fixed Capital Investment	1,500,000		1,500,000	
Surplus on Reissue of Forfeited Shares	33,000	1,533,000	33,000	1,533,000
Capital Redemption Reserve	38,000,000	38,000,000	38,000,000	38,000,000
<b>General Reserve</b>				
Balance as per last financial statement	47,000,000	47,000,000	47,000,000	47,000,000
<b>Surplus / (Deficit) in Statement of Profit and Loss</b>				
Balance as per last financial statement	5,54,343,152		7,39,672,951	
Add: Profit/(Loss) for the year	(1,38,227,628)		(1,85,329,799)	
Net Surplus in Statement of Profit & Loss	-	4,16,115,524	-	5,54,343,152
<b>Total Reserves and Surplus</b>		<b>5,02,648,524</b>		<b>6,40,876,152</b>

## NOTE 5 - BORROWINGS

PARTICULARS	AS AT 31ST MARCH, 2017 (₹)		AS AT 31ST MARCH, 2016 (₹)	
<b>Long-Term</b>				
<b>Unsecured</b>				
Term loan from Banks		1,000,000,000		1,000,000,000
Deferred Payment Liabilities (Ultimate Holding Company)		-		8,20,750,988
<b>Total Long-Term Borrowings (A)</b>		<b>1,000,000,000</b>		<b>1,820,750,988</b>
<b>Short-Term</b>				
<b>Unsecured</b>				
Deferred Payment Liabilities (Ultimate Holding Company)		8,18,470,785		-
Term loan from Bank		3,50,000,000		3,10,000,000
Credit facility from Bank		5,67,263,753		3,76,224,073
<b>Total Short-Term Borrowings (B)</b>		<b>1,735,734,538</b>		<b>6,86,224,073</b>
<b>Total Borrowings (A+B)</b>		<b>2,735,734,538</b>		<b>2,506,975,061</b>

### I. Long Term loans

- a) From 'Mizuho Bank Ltd', unsecured term loan on the specific expansion project of the company, sanctioned to the tune of ₹ 1,000,000,000/- bearing interest at the rate, base rate plus 1.25% p.a. The entire loan is repayable after five years from the date of agreement dated 19<sup>th</sup> December 2013. The loan was guaranteed by B. Braun Melsungen AG (Ultimate Holding Company)

### II. Short Term loan

- a) Unsecured Short Term facility of ₹ 6,70,000,000/- (P . Y. ₹ 4,70,000,000/-) from Deutsche Bank is received under 'Master Arrangement Letter of Credit Facilities' dated 1st December 2010 between B. Braun Melsungen AG and Deutsche Bank AG, Mumbai supported by B. Braun Melsungen AG as Security party and Demand Promissory Note.
- b) The Short Term Credit facility from Deutsche Bank is repayable on demand and carries interest as advised from time to time by Deutsche Bank AG subject to minimum base prevalent rate from time to time.
- c) Unsecured Term Loan from Mizuho Bank for general corporate purpose of the company, sanctioned to the tune of ₹ 350,000,000/- bearing interest at the rate, MCLR plus 80 bps on monthly rests, repayable on demand with 14 days notice from bank. The loan is secured by way of Letter of comfort from ultimate holding company-B Braun Melsungen AG.



# NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

## NOTE 6 - DEFERRED TAX LIABILITIES/(ASSETS)

PARTICULARS	AS AT 31ST MARCH, 2017	AS AT 31ST MARCH, 2016
	(₹)	(₹)
<b>Deferred Tax Liabilities</b>		
Impact of difference between tax and book written down value of Assets.	3,36,632,784	253,566,202
Gross Deferred Tax Liability	<b>3,36,632,784</b>	<b>253,566,202</b>
<b>Deferred Tax Assets</b>		
Provision for doubtful debts/claims	17,450,452	15,442,197
Provision for Obsolete Inventories	2,760,651	1,489,879
Disallowance u/s 43B	7,853,024	7,249,624
Unabsorbed Depreciation / carried forward losses	3,32,929,848	295,260,512
Gross Deferred Tax Assets	3,60,993,975	319,442,212
Net Deferred Tax Liability / (Assets) as on the Balance Sheet date	<b>(24,361,191)</b>	<b>(65,876,010)</b>

Note : In view of virtual uncertainty, Deferred Tax Asset have not been recognised.

## NOTE 7 - OTHER LONG TERM LIABILITIES

PARTICULARS	AS AT 31ST MARCH, 2017 (₹)	AS AT 31ST MARCH, 2016 (₹)
Advances from Customers	2,660,536	3,740,360
<b>Total other long term liabilities</b>	<b>2,660,536</b>	<b>3,740,360</b>

## NOTE 8 - PROVISIONS

PARTICULARS	AS AT 31ST MARCH, 2017 (₹)	AS AT 31ST MARCH, 2016 (₹)
<b>Long-Term Provisions</b>		
Provision for Gratuity ( refer note 28)	3,482,539	2,549,376
Provision for Leave Encashment	7,101,365	6,339,197
<b>Total Long-Term Provisions (A)</b>	<b>10,583,904</b>	<b>8,888,573</b>
<b>Short-Term Provisions</b>		
For Employee Benefits:		
Provision for Bonus	10,148,423	9,884,077
Provision for Leave Encashment	14,02,984	1,489,336
Total Provision for Employee Benefits	11,551,407	11,373,413
<b>Total Short-Term Provisions (B)</b>	<b>11,551,407</b>	<b>11,373,413</b>
<b>Total Provisions (A+B)</b>	<b>22,135,311</b>	<b>20,261,986</b>

## NOTE 9 - TRADE PAYABLES

PARTICULARS	AS AT 31ST MARCH, 2017 (₹)	AS AT 31ST MARCH, 2016 (₹)
<b>Trade Payables</b>		
Total Outstanding Dues of Micro, Small & Medium Enterprises (Refer Note 27 )	6,452,175	3,071,922
Total Outstanding Dues other than Micro, Small & Medium Enterprises	34,957,514	60,658,042
<b>Total Trade Payables</b>	<b>41,409,689</b>	<b>63,729,964</b>

**NOTES** TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017**NOTE 10 - OTHER CURRENT LIABILITIES**

PARTICULARS	AS AT 31ST MARCH, 2017 (₹)	AS AT 31ST MARCH, 2016 (₹)
Interest Accrued and Due on Deferred Payment (refer note 30)		11,029,993
Interest Accrued and not Due on Deferred Payment (refer note 30)	1,888,648	5,669,580
Unpaid Dividend (will be transferred to investor education & protection fund as and when due)	6,32,184	918,458
Security Deposits	1,060,000	1,050,000
Payables for Capital Goods	24,390,320	61,671,253
Advances from Customers	14,486,156	13,091,925
Foreign Currency payable under forward contract	1,30,670,710	66,511,681
Due to Statutory Authorities	8,660,139	20,954,231
Others payables	70,674,447	1,00,752,066
<b>Total Other Current Liabilities</b>	<b>2,52,462,604</b>	<b>2,81,649,187</b>

**NOTE 12 - LOANS AND ADVANCES**

PARTICULARS	AS AT 31ST MARCH, 2017 (₹)	AS AT 31ST MARCH, 2016 (₹)
<b>Non-current</b>		
Capital Advances	5,366,436	7,772,945
Security Deposits	11,174,364	12,867,965
Loans and Advances to Employees	1,68,000	240,000
Advance Income Tax (Net of Provisions)	25,961,123	21,713,524
Deposits with original maturity of more than 12 months (refer Note no. 15)	2,11,380	100,000
Prepaid Expenses	3,11,250	743,528
<b>Total Non-Current Loans &amp; Advances (A)</b>	<b>43,192,553</b>	<b>43,437,962</b>
<b>Current</b>		
Advances Recoverable in Cash or in Kind or value to be received		
Security Deposits		
Unsecured Considered Good	42,48,833	2,714,762
Considered Doubtful	16,96,033	802,104
	59,44,866	3,516,866
Less: Provision for Doubtful	16,96,033	802,104
	<b>42,48,833</b>	<b>2,714,762</b>
Advance to Suppliers		
Unsecured Considered Good	41,87,333	3,926,854
Considered Doubtful	5,66,941	696,272
	47,54,274	4,623,126
Less: Provision for Doubtful	5,66,941	696,272
	41,87,333	3,926,854
Loans and Advances to Employees	3,76,201	209,774
Prepaid Expenses	56,97,101	3,538,438
Balances with Government Authorities	35,55,913	10,579,435
<b>Total Current Loans &amp; Advances (B)</b>	<b>18,065,381</b>	<b>20,969,263</b>
<b>Total Loans &amp; Advances (A+B)</b>	<b>61,257,934</b>	<b>64,407,225</b>

PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION / AMORTISATION				NET BLOCK	
	AS AT 01-04-2016	ADDITIONS DURING THE YEAR	ADJUSTMENTS DELITION DURING THE YEAR	AS AT 31-03-2017	AS AT 01-04-2016	FOR THE YEAR	ADJUSTMENTS DELITION DURING THE YEAR	UP TO 31-03-2017	AS AT 31-03-2017	AS AT 31-03-2016
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
<b>TANGIBLE ASSETS:</b>										
Land (Lease hold)	29,029,518	-	-	29,029,518	3,389,788	2,93,227	-	3,683,015	25,346,503	25,639,730
Buildings	9,56,270,615	3,255,682	8,499,606	951,026,691	74,316,471	33,379,991	-	1,07,696,462	8,43,330,229	8,81,954,144
Improvement in Buildings	11,792,599	-	-	11,792,599	11,792,599	-	-	11,792,599	-	-
Plant & Machinery **	2,403,024,274	21,572,172	8,89,502	2,423,706,944	4,86,533,039	1,16,754,727	-	6,03,287,766	1,820,419,178	1,916,491,235
Furniture & Fixtures	51,772,649	4,074,904	1,994,720	53,852,833	11,638,255	4,748,531	-	16,386,786	37,466,047	40,134,394
Office Equipment	36,309,455	3,018,718	43,275	39,284,898	20,032,305	4,296,831	43,275	24,285,861	1,4,999,037	16,277,150
Vehicles	6,97,4659	-	4,90,646	6,484,013	4,537,920	9,79,635	4,90,646	5,026,909	1,457,104	2,436,739
<b>SUB TOTAL (A)</b>	<b>3,495,173,769</b>	<b>31,921,476</b>	<b>11,917,749</b>	<b>3,515,177,496</b>	<b>6,12,240,377</b>	<b>1,60,452,942</b>	<b>5,33,921</b>	<b>7,72,159,398</b>	<b>2,743,018,098</b>	<b>2,882,933,392</b>
<b>INTANGIBLE ASSETS</b>										
Software	15,731,432	5,27,164	-	16,258,596	6,324,095	2,566,573	-	8,890,668	7,367,928	9,407,337
<b>Sub Total (B)</b>	<b>15,731,432</b>	<b>5,27,164</b>	<b>-</b>	<b>16,258,596</b>	<b>6,324,095</b>	<b>2,566,573</b>	<b>-</b>	<b>8,890,668</b>	<b>7,367,928</b>	<b>9,407,337</b>
<b>Total (A)+(B)</b>	<b>3,510,905,201</b>	<b>32,448,640</b>	<b>11,917,749</b>	<b>3,531,436,092</b>	<b>6,18,564,472</b>	<b>1,63,019,515</b>	<b>5,33,921</b>	<b>7,81,050,066</b>	<b>2,750,386,026</b>	<b>2,892,340,729</b>
<b>Capital Work in Progress (CWIP)</b>										
Plant & Machinery Under Erection	-	15,689,999	-	15,689,999	-	-	-	-	15,689,999	-
Building Under Construction	1,08,332,583	1,50,524,823	-	2,58,857,406	-	-	-	-	2,58,857,406	1,08,332,583
<b>Sub Total (C)</b>	<b>1,08,332,583</b>	<b>1,66,214,822</b>	<b>-</b>	<b>2,74,547,405</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,74,547,405</b>	<b>1,08,332,583</b>
<b>Grand Total (Current Year)</b>	<b>3,619,237,784</b>	<b>1,98,663,462</b>	<b>11,917,749</b>	<b>3,805,983,497</b>	<b>6,18,564,472</b>	<b>1,63,019,515</b>	<b>5,33,921</b>	<b>7,81,050,066</b>	<b>3,024,933,431</b>	<b>3,000,673,312</b>
<b>Grand Total (Previous Year)</b>	<b>3,266,588,299</b>	<b>3,84,770,572</b>	<b>32,121,087</b>	<b>3,619,237,784</b>	<b>4,57,281,271</b>	<b>1,61,283,201</b>	<b>-</b>	<b>6,18,564,472</b>	<b>3,000,673,312</b>	<b>2,809,307,028</b>

**Includes**

- \* Building under construction (CWIP) includes interest amounting to ₹ 16,451,203 (previous year ₹ 1,762,251)
- \*\* Foreign Exchange fluctuation (gain) aggregating ₹.1,088,483 [(PY- 31,103,679 Loss) ] have been adjusted to the cost of plant & machinery



**NOTES** TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017**NOTE 13 - INVENTORIES (AT LOWER OF COST OR NET REALISABLE VALUE)**

PARTICULARS	AS AT 31ST MARCH, 2017 (₹)	AS AT 31ST MARCH, 2016 (₹)
Raw Materials	1,00,967,528	97,690,030
Work-In-Progress	3,857,165	6,626,576
Finished Goods	65,913,659	109,149,653
Stores and Spares	7,894,536	6,053,140
	1,78,632,888	219,519,399
Less Provision for Obsolete Stock	7,976,916	4,305,014
<b>Total Inventories</b>	<b>1,70,655,972</b>	<b>215,214,385</b>

**NOTE 14 - TRADE RECEIVABLES**

PARTICULARS	AS AT 31ST MARCH, 2017 (₹)	AS AT 31ST MARCH, 2016 (₹)
<b>Outstanding for a Period Exceeding Six Months from the date they are Due for Payment</b>		
Unsecured, Considered Good	49,359,966	40,062,964
Considered Doubtful	42,971,135	40,050,805
	92,331,101	80,113,769
Less: Provision for Doubtful trade receivables	42,971,135	40,050,805
	49,359,966	40,062,964
<b>Other Receivables</b>		
Unsecured, Considered Good*	2,82,776,677	221,175,460
<b>Total Trade Receivable</b>	<b>3,32,136,643</b>	<b>261,238,424</b>

\* Includes ₹ 56,461,231/- (P. Y. ₹ 6,720,233/-) due from a Private company in which director of the company is also a director refer note no. 30.

**NOTE 15 - CASH AND BANK BALANCES**

PARTICULARS	AS AT 31ST MARCH, 2017 (₹)	AS AT 31ST MARCH, 2016 (₹)
<b>Cash and Cash Equivalents</b>		
Cash in Hand	48,648	20,031
Balances with Banks		
In Current Accounts	3,696,215	16,143,646
Unpaid Dividend Accounts*	6,32,184	918,458
<b>Total Cash and Cash Equivalents (A)</b>	<b>4,377,047</b>	<b>17,082,135</b>
<b>Other Bank Balances</b>		
Deposits with Original Maturity of up to 3 Months (Pledged as Margin Money/ Security Deposits)	-	-
Deposits with Original Maturity of More than 3 Months but upto 12 months (Pledged as Margin Money/ Security Deposits)	3,58,203	20,486
Deposits with Original Maturity of More than 12 months (Pledged as Margin / Security Deposits)	7,96,380	565,000
Less : Transferred to other non current assets (Refer note no. 12)	(2,11,380)	(100,000)
<b>Total Other Bank Balances (B)</b>	<b>9,43,203</b>	<b>485,486</b>
<b>Total Cash and Bank Balances (A+B)</b>	<b>5,320,250</b>	<b>17,567,621</b>

\* These balances are not available for use by the company as they represent corresponding unpaid dividend liabilities.





# NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

## NOTE 16 - OTHER CURRENT ASSETS

PARTICULARS	AS AT 31ST MARCH, 2017 (₹)	AS AT 31ST MARCH, 2016 (₹)
Interest Receivable on deposits	1,028,081	572,417
Export Benefit Receivable	10,858,877	7,755,968
Foreign Currency Receivable on forward Contract	26,684	-
Unamortised premium on forward contract	19,208,414	21,804,858
Other Assets	3,626,416	-
<b>Total Other Current Assets</b>	<b>34,748,472</b>	<b>30,133,243</b>

## NOTE 17 - REVENUE FROM OPERATIONS

PARTICULARS	FOR THE YEAR ENDED 31ST MARCH, 2017 (₹)	FOR THE YEAR ENDED 31ST MARCH, 2016 (₹)
Sales	1,492,739,999	1,332,176,959
Sale of Scrap	16,246,659	21,469,742
Less: Discount, Rejections & Sales Return	3,172,647	29,450,065
	1,505,814,011	1,324,196,636
Less: Excise Duty	1,62,496,134	143,846,473
	1,343,317,877	1,180,350,163
Export Incentives	10,573,637	9,623,826
<b>Total Revenue from Operation</b>	<b>13,53,891,514</b>	<b>1,189,973,989</b>
<b>Detail of Goods Sold</b>		
Ophthalmics	3,00,206,492	282,845,795
IV Infusion	7,72,164,984	691,181,893
Others	2,57,872,389	214,302,798
Excise Duty	1,62,496,134	143,846,473
<b>Total-Sale of Products</b>	<b>1,492,739,999</b>	<b>1,332,176,959</b>

## NOTE 18 - OTHER INCOME

PARTICULARS	FOR THE YEAR ENDED 31ST MARCH, 2017 (₹)	FOR THE YEAR ENDED 31ST MARCH, 2016 (₹)
Interest on Deposits	1,458,656	743,448
Liabilities / Provisions Written Back	5,52,950	3,457,530
Profit on Sale of Assets	17,500	-
Miscellaneous Income	4,069,874	-
<b>Total Other Income</b>	<b>6,098,980</b>	<b>4,200,978</b>

**NOTES** TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017**NOTE 19 – COST OF MATERIALS CONSUMED**

PARTICULARS	FOR THE YEAR ENDED 31ST MARCH, 2017 (₹)	FOR THE YEAR ENDED 31ST MARCH, 2016 (₹)
Opening stock	97,690,030	59,603,965
Add: Purchases	4,21,726,468	509,480,166
	5,19,416,498	569,084,131
Less: Closing Stock	1,00,967,528	97,690,030
<b>Raw Material Consumed</b>	<b>4,18,448,970</b>	<b>471,394,101</b>
<b>Total Cost of Materials Consumed</b>	<b>4,18,448,970</b>	<b>471,394,101</b>
<b>Details of Materials Consumed</b>		
PE Granules	1,82,516,735	206,623,897
Dextrose	11,916,503	20,557,379
Chemicals and others	69,540,544	97,311,032
Packing Material	1,54,475,188	1,46,901,793
	<b>4,18,448,970</b>	<b>471,394,101</b>

**NOTE 20 – CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS**

PARTICULARS	FOR THE YEAR ENDED 31ST MARCH, 2017 (₹)	FOR THE YEAR ENDED 31ST MARCH, 2016 (₹)
<b>Inventories at the End of the Year:</b>		
Finished Goods	65,913,659	109,149,653
Work-In-Progress	3,857,165	6,626,576
	69,770,824	115,776,229
<b>Inventories at the beginning of the Year:</b>		
Finished Goods	1,09,149,653	34,988,054
Work-In-Progress	6,626,576	15,690,126
	1,15,776,229	50,678,180
<b>Net Increase / (Decrease) in Inventories</b>	<b>46,005,405</b>	<b>(65,098,049)</b>
<b>Details of finished Goods</b>		
Ophthalmics	6,851,446	6,425,433
IV Infusion	57,333,699	98,041,034
Others	1,728,514	4,683,186
<b>Total</b>	<b>65,913,659</b>	<b>109,149,653</b>
<b>Details of work in progress</b>		
Ophthalmics	4,50,106	2,115,198
IV Infusion	3,407,059	4,511,378
<b>Total</b>	<b>3,857,165</b>	<b>6,626,576</b>

**NOTE 21 – EMPLOYEE BENEFIT EXPENSES**

PARTICULARS	FOR THE YEAR ENDED 31ST MARCH, 2017 (₹)	FOR THE YEAR ENDED 31ST MARCH, 2016 (₹)
Salaries, Wages and Bonus	2,16,068,129	197,671,521
Contributions to Provident and other Funds	15,694,578	13,827,962
Staff Welfare Expenses	13,841,810	12,968,864
<b>Total Employee Benefit Expenses</b>	<b>2,45,604,517</b>	<b>224,468,347</b>



# NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

## NOTE 22 - FINANCE COST

PARTICULARS	FOR THE YEAR ENDED 31ST MARCH, 2017 (₹)	FOR THE YEAR ENDED 31ST MARCH, 2016 (₹)
Interest Expense on:		
Term Loans	1,34,254,945	112,766,358
Working Capital	40,644,715	37,900,940
Others	1,738,255	1,806,697
Supplier's Credit	9,627,889	11,752,286
Buyers Credit (Raw Material)	-	47,479
Bank Charges	3,128,290	3,166,753
	1,89,394,094	167,440,513
Less: Transefered to Expenditure Capitalisation (refer note no. 11)	16,451,203	1,762,251
<b>Total Finance Cost</b>	<b>1,72,942,891</b>	<b>165,678,262</b>

## NOTE 23 - OTHER EXPENSES

PARTICULARS	FOR THE YEAR ENDED 31ST MARCH, 2017 (₹)	FOR THE YEAR ENDED 31ST MARCH, 2016 (₹)
<b>Manufacturing Expenses</b>		
Consumption of Stores and Spares	69,104,974	52,715,994
Increase / (Decrease) of Excise Duty on Inventory	(3,781,504)	3,067,179
Power and Fuel	1,39,908,383	1,37,371,153
Testing Fees	3,608,396	5,820,671
Repairs and Maintenance - Machinery	5,566,157	7,278,130
<b>Sub Total (A)</b>	<b>2,14,406,406</b>	<b>2,06,253,127</b>
<b>Selling and Distribution Expenses</b>		
Freight and Forwarding	50,203,623	68,267,709
Sales Commission	11,613,024	23,368,165
Advertisement	1,451,645	3,95,807
Business Promotion	10,010,728	11,696,340
Provision for Doubtful Receivables	2,920,331	17,519,172
Bad Debts written off	3,06,420	3,21,091
Claims and Rebates	3,209,007	8,507,068
<b>Sub Total (B)</b>	<b>79,714,778</b>	<b>1,30,075,352</b>
<b>Administrative and other Expenses</b>		
Equipments Hire Charges (refer note 29)	3,371,391	3,152,965
Rent (refer note 29)	4,283,701	5,274,521
Repairs and Maintenance - Building	10,133,612	5,398,571
Repairs and Maintenance - Others	3,761,027	1,226,662
IT Charges	10,294,765	8,078,244
Vehicle Running & Maintenance	1,264,853	1,616,089
Insurance	5,161,281	2,685,575
Rates and Taxes	4,699,492	5,926,502
Communication	2,471,617	3,419,625

**NOTES** TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

Travelling and Conveyance	7,358,779	10,462,210
Printing and Stationery	5,393,304	4,998,445
Research & Development Expenses (refer note no. 37)	2,439,395	1,862,974
Watch & Ward	3,206,475	3,407,649
Electricity & Water Charges	3,98,129	3,20,737
Legal and Professional	7,427,079	5,914,336
Director Sitting Fee	2,12,080	2,50,527
Payments to Auditors (refer note no. 36)	2,307,295	2,174,528
Foreign Exchange Fluctuation Loss (net of gain)	8,620,578	2,779,962
Forward Premium	67,978,687	64,437,313
Prior Period Adjustment (refer note 40)	2,334,088	1,398,789
Provision for Doubtful Advances/Security Deposit/Receivables	1,620,295	9,61,889
EMD/Security Written off/Advances written off	38,200	1,324,850
Provision for advances/Securities written back	(4,34,488)	(1,260,850)
Obsolete Inventory Written off	-	2,519,755
Provision for Obsolete Inventories (net)	3,671,902	(9,10,515)
Miscellaneous Expenses	62,103	4,10,334
Sub Total (C)	1,58,075,640	1,37,831,687
<b>Total Other Expenses (A+B+C)</b>	<b>4,52,196,824</b>	<b>4,74,160,166</b>

**NOTE 24 - EARNINGPER SHARE (EPS)**

DESCRIPTION	CURRENT YEAR 31ST MARCH, 2017	PREVIOUS YEAR 31ST MARCH, 2016
Profit for the Year	(1,38,227,628)	(1,85,329,799)
Net Profit for Calculation of Basic / Diluted EPS	(1,38,227,628)	(1,85,329,799)
Weighted Average Number of Equity Shares for Calculating Basic & Diluted EPS	7,200,150	72,00,150
Basic EPS (in ₹)	(19.20)	(25.74)
Diluted EPS (in ₹)	(19.20)	(25.74)



# NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

## NOTE 25 - CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF: -

Sr. NO.	DESCRIPTION	CURRENT YEAR 31ST MARCH, 2017 (₹)	PREVIOUS YEAR 31ST MARCH, 2016 (₹)
a.	<b>Excise duty under dispute, pending hearing of appeals / writ petitions.</b>		
i	Exemption on Latodrops	4,94,174	4,94,174
ii	Demand on excise duty on Physician samples	4,189,950	4,189,950
iii	Availment of CENVAT Credit on Obsolete Stock	1,055,645	1,055,645
b.	<b>Service Tax pending hearing of appeals / writ petitions/ under disputes</b>		
i	Service Tax on Foreign based services (Professional fee and product Registration Fee)	-	1,25,000
ii	CENVAT credit on ineligible services i.e freight documentation	4,494,711	4,494,711
iii	Irregular cenvat credit on outward freight	-	1,79,002
iv	CENVAT credit on wages Contractor	3,817,248	-
v	Cenvat credit taken on sales commission	4,981,231	4,862,760
c.	<b>Value Added Tax - declaration forms pending submission</b>	23,761	23,761
d.	Supply of Defective product	5,00,000	5,00,000
e.	Worker reinstatement pending before Assistant Commissioner Labour Law Alwar.	1,500,000	1,500,000
f.	Bank guarantees	7,260,249	14,534,583
g.	Obligation under Advance License	1,86,199	93,492
h.	Letters of Credits	3,977,365	-
i.	National Pharmaceutical Pricing Authority (NPPA) vide its orders, letter F.No. 21 (807)07/DW IV /NPPA dated 03/09/2008; subsequent letters dated 24/11/2008, 01/05/2009, 08/11/2010, 06/02/2012 and in continuation letter dated 05/04/2013 have raised a demand of ₹60,192,891/- being excess amount charged from consumers of product Ciplox, over and above price as per norms under DPCO, 1995, manufactured by us on behalf of CIPLA Ltd., along with interest thereupon, amounting to ₹66,413,209/- (previous year ₹66,413,209/-) thereby aggregating to ₹126,606,100/- (P.Y. ₹126,606,100/-)		

Based on favourable decisions in similar cases discussions with the solicitors etc, the Company believes that there are fair chance of decisions in its favour in respect of all the items listed in (a) to (e) & (i) above and hence no provision is considered necessary against the same.

- j. The company has incurred expenses in foreign currency amounting to ₹962,292,793 equivalent to EUR 11,801,960 and USD 230,000 till 31<sup>st</sup> March 2017 (P.Y.- ₹962,292,793) for the import of Plant & Machineries. Such Plant & Machineries have been imported without payment of customs duty, under Export Promotion Capital Goods (EPCG) scheme, on the basis of an undertaking given to customs authorities that the company shall fulfill an export obligation equivalent to 6 times of duty saved on capital goods imported under EPCG scheme, within 6 years from authorisation issue date i.e. 09<sup>th</sup> May 2014. The total duty saved as on 31<sup>st</sup> March 2017 amounts to ₹214,224,555. Export obligation amounting to ₹ 95,523,731 (P.Y. ₹8,649,400) has been fulfilled till 31<sup>st</sup> March 2017.

### B) Litigations

- i) Trade receivables ₹24,209,470 (P.Y. ₹27,466,863/-) involved in various litigations, which are considered probable and in respect of which company has made provisions.
- ii) The company is involved in various litigation, the outcome of which are considered probable and in respect of which the company has made aggregate provision of ₹1,457,064 as at 31<sup>st</sup> March, 2017 (P.Y. ₹1,785,869/-).
- iii) Winding up petition has been filed by a vendor which the Company is contesting. The estimated liability on this account is ₹ 692,211 (P.Y ₹ 692,211) and interest on total claim.



# NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

## NOTE 26 - COMMITMENTS

- a. Capital contracts remaining to be executed ( net of advances ) and not provided for ₹3,029,623(P.Y. ₹153,903,779/- )  
b. For commitments relating to lease arrangements (Refer note 29)  
c. For commitments relating to EPCG (Refer note 25-A-j)

## NOTE 27 - AMOUNT DUE TO SUPPLIERS COVERED UNDER MICRO, SMALL AND MEDIUM ENTERPRISES ACT 2006, ON THE BASIS OF CONFIRMATION RECEIVED IS AS UNDER:

NO.	DESCRIPTION	CURRENT YEAR 31ST MARCH, 2017 (₹)	PREVIOUS YEAR 31ST MARCH, 2016 (₹)
I	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of year		
	Principal Amount Unpaid	6,452,175	3,071,922
	Interest Due	13,671	36,990
II	The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during the year.		
	Payment made beyond the Appointed Date	21,478,631	21,450,208
	Interest Paid beyond the Appointed Date	-	-
III	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	4,85,968	450,167
IV	The amount of interest accrued and remaining unpaid at the end of the year; and	1,029,423	529,784
V	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	1,029,423	529,784

## NOTE 28 - GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS:

The Company has a defined benefit gratuity plan. Gratuity is computed as 15 days salary, for every completed year of service or part thereof in excess of 6 months and is payable on retirement/termination/resignation. The benefit vests on the employees after completion of 5 years of service. The Gratuity liability has been funded. Company makes provision of such gratuity liability in the books of accounts on the basis of actuarial valuation as per the Projected unit credit method.

The Company has also provided long term compensated absences which are unfunded.

The following tables summarise the components of net benefit expense recognized in the profit and loss account and the unfunded status and amounts recognized in the balance sheet for the Gratuity.

## PROFIT AND LOSS ACCOUNT

### Net Employee Benefit Expense (recognised In Employee Cost)

(Amount In ₹)

GRATUITY	31ST MARCH, 2017	31ST MARCH, 2016
Current service cost	2,062,995	2,003,176
Interest cost on benefit obligation	1,400,663	1,369,682
Expected return on plan assets	(1,676,432)	(1,429,297)
Net actuarial loss / (gain) recognised in the year	7,35,236	(698,506)
Net benefit expense	2,522,462	1,245,055
Actual return on plan assets	1,478,313	1,724,156



# NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

## BALANCE SHEET

### Details of Provision for Gratuity

PARTICULARS	31ST MARCH, 2017	31ST MARCH, 2016
Defined benefit obligation	23,307,584	20,449,831
Fair value of plan assets	19,825,045	17,900,455
Less: Unrecognised past service cost	-	-
Plan liability	34,82,539	2,549,376

### Changes in the present value of the defined benefit obligation are as follows:

PARTICULARS	31ST MARCH, 2017	31ST MARCH, 2016
Defined benefit obligation as at April 1 (Opening Balance)	20,449,831	18,886,608
Interest cost	14,00,663	1,369,682
Past service cost	-	-
Current service cost	2,062,995	2,003,176
Benefits paid	(1,143,022)	(1,405,988)
Actuarial losses/(gains) on obligation	5,37,116	(403,647)
Defined benefit obligation as at March 31 (Closing Balance)	23,307,583	20,449,831

### The principal assumptions used in determining gratuity benefit obligations for the Company's plans for last three years are shown below:

PARTICULARS	31ST MARCH, 2017	31ST MARCH, 2016	31ST MARCH, 2015
Discount rate	6.70%	7.50%	7.90%
Increase in Compensation cost	7.00%	7.00%	7.00%
Rate of Return on Plan Assets	8.25%	9.25%	9.25%

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

### Amount for the current and previous four years are as follows:

PARTICULARS	GRATUITY				
	31ST-MAR-2017	31ST-MAR-2016	31ST-MAR-2015	31ST-MAR-2014	31ST-MAR-2013
Defined benefit obligation	23,307,584	20,449,831	18,886,608	16,209,441	14,338,567
Plan Assets	19,825,045	17,900,455	14,727,411	14,487,934	12,826,161
Funded Deficit	3,482,539	2,549,376	4,159,197	1,721,507	1,512,406
Experience adjustments on plan liabilities Loss /(Gain)	(5,20,277)	(807,120)	1,156,545	112,522	1,426,198
Experience adjustments on plan assets Loss/(Gain)	(1,98,119)	294,859	(84,942)	(14,180)	(227,554)

### Contribution to defined contribution plans:

PARTICULARS	31ST MARCH, 2017	31ST MARCH, 2016
Provident Fund	9,060,285	8,287,563

### NOTE 29 - LEASE

The company has taken various residential, office premises and other assets under operating Lease Agreements These are generally not non-cancelable and are renewable by mutual consent on mutually agreed terms. There are no restrictions imposed by lease agreement. There are no subleases.

PARTICULARS	LEASE PAYMENTS	
	31ST MARCH, 2017	31ST MARCH, 2016
Total lease payment for the year (Recognised in Profit & Loss Account)	7,655,092	8,427,486
<b>Minimum Lease Payment</b>		
Not later than one year	5,184,540	5,204,676
Later than one year but not later than five years	4,110,287	2,162,740
Later than five years	-	-

**NOTES** TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017**NOTE 30 - RELATED PARTY DISCLOSURES****A. List of Related Parties (As ascertained by the management)**Enterprises where control exists

B Braun Holding Gmbh & Co. KG	Parent of Ultimate Holding Company
B. Braun Melsungen AG, Melsungen	Ultimate holding company
B. Braun Medical Industries Sdn. Bhd.	Holding company
B. Braun Singapore Pte. Ltd.	Immediate Holding company

Enterprises under Common Control

B. Braun Medical (India) Pvt Limited.
Oyster Medisafe Pvt Ltd.

Key Management Personnel

Mr. Anand Chardrashekhar Apte	Chairman & Managing Director(from 17-08-2016)
Mr. Arun Mudgal	Managing Director (upto 17-08-2016)

**B. TRANSACTIONS WITH RELATED PARTIES**

(Amount In ₹)

Nature of Transaction	Enterprises where control exists	Enterprises under Common Control	Key Management Personnel
<b>Sale of Goods</b> B. Braun Medical (India) Pvt. Limited.		2,36,398,573 (71,002,472)	
<b>Purchase of Machinery</b> B. Braun Melsungen Ag.	(42,961,838)		
<b>Purchase of Spares</b> B. Braun Medical Industries Sdn. Bhd	(2,10,655)		
<b>Purchase of Consumables</b> B. Braun Medical (India) Pvt. Limited		7,01,100 (-)	
B. Braun Melsungen AG.	2,09,218 (-)		
<b>Commission Charges</b> B. Braun Medical (India) Pvt. Limited.		5,175,751 (12,279,359)	
<b>Business Promotion</b> B. Braun Medical (India) Pvt. Limited.		10,369,464 (15,453,916)	
<b>Technical Services</b> B. Braun Melsungen AG.	9,797,298 (2,687,511)		
<b>IT Charges (SAP Usage)</b> B. Braun Medical Industries Sdn. Bhd	3,27,576 (1,609,217)		
B. Braun Medical (India) Pvt. Limited		(4,465,255)	
<b>Managerial Remuneration</b> Arun Mudgal			2,331,085 (6,194,028)
<b>Interest on supplier's Credit</b> B. Braun Melsungen AG	9,627,889 (11,752,286)		
<b>Personnel Cost</b> B Braun Medical Industries Sdn. Bhd	6,81,722 (1,918,454)		





# NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

## B. TRANSACTIONS WITH RELATED PARTIES

(Amount In ₹)

Nature of Transaction	Enterprises where control exists	Enterprises under Common Control	Key Management Personnel
Expenses Reimbursed B. Braun Medical (India) pvt Limited.		10,273,777 (6,423,818)	
B Braun Singapore Pte Ltd.	50,088 (84,041)		
B Braun Medical Industries Sdn. Bhd	12,986 (55,213)		
B. Braun Melsungen AG.	1,206,875 (1,295,925)		
Reimbursement taken B. Braun Medical (India) pvt Limited.		1,41,972 (1,65,624)	

## C. AMOUNT DUE FROM / TO RELATED PARTIES

(Amount In ₹)

Nature of Transaction	Enterprises where control exists	Enterprises under Common Control	Key Management Personnel
Receivable for sales of goods B. Braun Medical (India) Pvt. Limited.		56,327,079 (6,720,233)	
Receivable on Account of Reimbursement Taken B. Braun Medical (India) Pvt. Limited.		1,34,152 (-)	
Payable for Purchase of Machinery B. Braun Melsungen AG.	8,18,470,785 (8,20,750,988)		
Commission Charges/Business Promotion/ Reimbursement/Consumables Payable B. Braun Medical (India) Pvt. Limited.		7,557,448 (42,313,596)	
Interest on supplier's Credit B. Braun Melsungen AG.	1,888,648 (16,699,573)		
Technical Services /Personnel Cost / IT Charges/ Reimbursement Payable B. Braun Melsungen AG.	2,087,068 (9,07,740)		
B. Braun Singapore Pte. Ltd.	- (75,385)		
B. Braun Medical Industries Sdn. Bhd.	2,24,456 (1,905,596)		

## D. LETTER OF COMFORT/GUARANTEE GIVEN BY B BRAUN MELSUNGEN FOR SECURING LOANS/CREDIT FACILITIES FROM BANKS

Long Term Loan	1,000,000,000 (1,000,000,000)		
Credit Facility	6,70,000,000 (4,70,000,000)		
Short term Loan	3,50,000,000 (3,50,000,000)		

Note :- No amount has been written off / provided for in respect of transactions with related parties. Previous years figures shown in the brackets



# NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

## NOTE 31 – SEGMENT REPORTING:

1. Business Segment: In the opinion of the management, there is only one reportable segment i.e. manufacturing of pharmaceuticals products, as envisaged by Accounting Standard 17 'Segment Reporting', prescribed by the Companies (Accounting Standards) Rules, 2006.
2. Geographical Segment: The Company sells its products to various customers within the country and also exports to other countries. Considering size and proportion of exports to local sales, the Company considers sales made with in the country and exports as different geographical segments.

### Information about Reportable Segment:

#### a. Revenue as per Geographical Markets (net off rebates & returns)

PARTICULARS	31ST MARCH, 2017 (₹)	31ST MARCH, 2016 (₹)
Revenue within India (Net of excise duty)	1,114,873,225	1,002,307,329
Revenue outside India	2,39,018,289	1,87,666,660
Total Revenue (Net)	1,353,891,514	1,189,973,989

#### b. Carrying amount of Segment Assets (receivables) and liabilities by geographical location.

PARTICULARS	31ST MARCH, 2017 (₹)	31ST MARCH, 2016 (₹)
Receivables within India	3,21,321,079	2,50,542,221
Receivable outside India	53,786,699	50,747,008
Segment Liabilities outside India (Advance from Customers)	(9,094,557)	(10,619,593)

Rest of the current assets are common and not segregateable, geographical segment wise

- c. The Company has common fixed assets for producing goods for domestic market and Overseas Market. Hence, Separate figures for fixed assets / addition to fixed assets cannot be furnished.

## NOTE 32 – DERIVATIVE INSTRUMENTS AND FOREIGN CURRENCY EXPOSURE

### (A) Particulars of unhedged foreign currency exposure as at Balance Sheet date:

PARTICULARS	CURRENT YEAR			PREVIOUS YEAR		
	AMOUNT IN FOREIGN CURRENCY	AMOUNT (₹)		AMOUNT IN FOREIGN CURRENCY	AMOUNT (₹)	
Import Creditors	EUR	45,961	3,187,406	EUR	89,127	6,696,699
Import Creditors	USD	2,652	1,72,211	USD	29,913	1,927,981
Advances Paid	EUR	24,000	1,673,268	-	-	-
Import Creditors (Deferred Payment Liabilities)	-	-	-	EUR	580,029	42,961,838
Interest on Supplier's Credit	EUR	27,233	1,888,648	EUR	221,637	16,699,573
Export receivables	USD	8,28,396	53,786,699	USD	796,464	50,747,008
Claims Payable	USD	1,52,093	9,875,211	USD	152,093	10,071,602
Advance Received	USD	1,47,324	8,835,012	USD	92,791	5,266,764
	EUR	3,407	2,59,545	EUR	71,737	5,352,829

### B) Particulars of hedged foreign currency exposure as at Balance Sheet date:

PARTICULARS	CURRENT YEAR			PREVIOUS YEAR		
	AMOUNT IN FOREIGN CURRENCY	AMOUNT (₹)		AMOUNT IN FOREIGN CURRENCY	AMOUNT (₹)	
Forward contract to buy Euro (Deferred payment liabilities)	EUR	11,801,962	8,18,470,785	EUR	11,221,932	7,77,789,151
Forward contract to sell dollar (Trade receivables)	USD	1,41,000	9,154,954	-	-	-



# NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

## NOTE 33 - EXPENDITURE IN FOREIGN CURRENCY

	DESCRIPTION	CURRENT YEAR (₹)	PREVIOUS YEAR (₹)
a)	<b>Expenditure in Foreign Currency</b>		
	Bank Charges	1,538,175	2,338,717
	Personnel Cost	6,81,722	2,006,947
	Interest on Suppliers Credit	9,627,889	11,752,286
	Interest on Buyers Credit	-	47,479
	Travelling Expenses	6,80,535	1,454,223
	Rates & Taxes (including fees)	2,97,004	-
	Technical Services(including IT Charges)	10,124,874	6,600,085
b)	<b>Value of Imports calculated on CIF basis:</b>		
	Raw materials	1,81,348,305	1,98,001,928
	Stores & Spares	11,920,500	73,38,890
	Capital Goods	7,957,206	47,644,056

## NOTE 34 - EARNING IN FOREIGN CURRENCY

	DESCRIPTION	CURRENT YEAR (₹)	PREVIOUS YEAR (₹)
	FOB Value of Exports*	2,31,026,917	2,04,398,688

\* does not include deemed exports of ₹ 69,044,233 (P.Y. ₹ 43,874,739/-)

## NOTE 35 - VALUE OF RAW MATERIALS, STORES & SPARES CONSUMED:

DESCRIPTION	CURRENT YEAR		PREVIOUS YEAR	
	VALUE	%	VALUE	%
<b>Raw Materials</b>				
Imported	2,20,445,403	52.68	2,28,326,555	48.44
Indigenous	1,98,003,567	47.32	2,43,067,546	51.56
	4,18,448,970	100.0	4,71,394,101	100.0
<b>Stores &amp; Spares</b>				
Imported	13,245,432	19.17	7,935,549	15.05
Indigenous	55,859,542	80.83	44,780,445	84.95
	69,104,974	100.00	52,715,994	100.00

## NOTE 36 - AUDITOR'S REMUNERATION\*

PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
	(₹)		(₹)	
For Statutory Audit	1,150,000		1,150,000	
For Tax Audit	1,50,000		1,50,000	
Certification and other matters	37,500		60,000	
IFRS Audit Fees	7,00,000		7,00,000	
Out of pocket expense	1,07,178		70,200	
Service Tax	1,62,617		44,328	
<b>Total</b>	<b>2,307,295</b>		<b>2,174,528</b>	

Note : \* Excluding Service tax ₹ 196,986/- (P.Y. ₹ 161,482/-) claimed / set off as cenvat credit.

**NOTES** TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017**NOTE 37 - RESEARCH AND DEVELOPMENT**

The company has incurred during the year, expenditure on research and development and the break - up of the amount is as under:

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	(₹)	(₹)
Material Consumed	1,050,286	8,33,733
Employee benefit expenses	1,208,859	8,30,563
Administrative and Other Expenses	1,80,250	1,98,678
<b>Total</b>	<b>2,439,395</b>	<b>1,862,974</b>

Exclude depreciation of ₹ 255,123 (P.Y. ₹ 321,084/-)

**NOTE 38**

In compliance to the Accounting Standard - 29 on "Provisions, Contingent Liabilities and Contingent Assets" issued by the Institute of Chartered Accountants of India, Contingent liabilities and Provisions has been disclosed as below:

(Amount In ₹)

PARTICULARS	Opening Balance 01.04.2016 (₹)	Additions during the year (₹)	Paid/ Adjusted during the year (₹)	Closing Balance 31.03.2017 (₹)
Provision for Delayed Supplies (included in Claims & Rebates)	3,071,129 (2,915,260)	2,903,855 (1,922,538)	7,85,919 (1,766,669)	5,189,065 (3,071,129)

**NOTE 39 - CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Pursuant to Section 135 of the Companies Act, 2013 and rule made thereunder, the Board of Directors has constituted a Corporate Social Responsibility (CSR) Committee. The Committee has adopted a Corporate Social Responsibility Policy. As per Section 135(5) of the Act, the Company needs to ensure at least 2% of the average net profit of preceding three financial years is spent on CSR activities as mentioned in CSR Policy. The average result of preceding three financial years was ₹97,421,704 (P.Y ₹ 236,407,605) and the CSR obligations was ₹ 1,948,434 (P.Y. ₹ 4,728,152). However the Company has not spent any amount on CSR during the current year & in Previous year.

**NOTE 40 - PRIOR PERIOD EXPENSE**

(Amount In ₹)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	(₹)	(₹)
Bank charges	-	1,395,980
IT Expense	1,896,321	-
Freight charges	2,00,973	-
Staff Welfare Expense	1,45,814	-
Audit Expense	69,980	2,809
Rent of Plant & Machinery	21,000	-
<b>Total</b>	<b>2,334,088</b>	<b>1,398,789</b>

**NOTE 41 - ADVANCE FROM CUSTOMERS**

The management believes that advance from customers received prior to 31st March 2017 is in the normal course of its business and outstanding for more than a year as on the balance sheet date should not be considered as deposits in term of the provisions of the Companies Act.

**NOTE 42**

Accounts Receivables includes ₹ 41,715,464 (P.Y. ₹ 61,973,660/-) (Net of provisions/write offs) from 3 parties belonging to the same group viz. Alter Ego Group, due to turmoil in Ukraine the recovery from these customer is delayed. The management is following up for the recovery of dues. No further provision are considered necessary in these cases due to receipt of part payments and settlements arrived at with the customers. The management is of the opinion that in view of settlement and as the situation improving in Ukraine, the management is hopeful for recovery



# NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

## NOTE 43

The details of Specified Bank Notes (SBN's) and other denomination notes held and transacted during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 are as under

(Amount In ₹)

PARTICULARS	SBN's	Other Denomination Notes	Total
Closing Cash in hand as on 08.11.2016	85,000	7,370	92,370
Add : Permitted Receipts	0	50,000	50,000
Less : Permitted Payments	0	7,062	7,062
Less : Amount Deposited in Banks	85,000	0	85,000
Closing Cash in hand as on 30.12.2016	0	50,308	50,308

## NOTE 44

Previous year figures have been regrouped and/or rearranged wherever considered necessary

As per our report of even date  
For **Arun K. Gupta & Associates**  
Chartered Accountants  
Firm Registration No : 000605N

For and on behalf of the board  
Ahlcon Parenterals (India) Limited

Sachin Kumar  
Partner  
M. No. 503204

Anand Chandrashekhar Apte  
Chairman & Managing Director  
DIN No. 01677401

Andreas Walde  
Director  
DIN No. 07331893

Place : New Delhi  
Date : 13-07-2017

Sandeep Chotia  
Chief Financial Officer

Ranjan Kumar Sahu  
Company Secretary

**CASH FLOW STATEMENT** FOR THE YEAR ENDED 31ST MARCH, 2017

PARTICULARS	YEAR ENDED 31ST MARCH, 2017		YEAR ENDED 31ST MARCH, 2016	
	₹	₹	₹	₹
<b>A. Cash flow from operating activities</b>				
Net Profit / (Loss) before tax		(1,38,227,628)		(2,37,711,061)
<b>Adjustments for:</b>				
Depreciation and amortisation	1,63,019,515		1,61,283,201	
Interest Expenses	1,69,814,601		1,62,511,509	
Interest income	(1,458,656)		(7,43,448)	
Profit on Sale of Assets	(17,500)		-	
Effect of unrealised exchange differences on restatement of foreign currency (including deferred Payment liabilities)	(1,922,769)		(1,727,379)	
Liabilities no longer required written back	(5,52,950)		(3,457,530)	
Provision for doubtful debts	2,920,331		17,519,172	
Bad debts written off	3,06,420		3,21,091	
Obsolete stock written off(net of provision)	3,671,902		1,609,240	
EMD/Security Written off/Advances written off(net off provision)	(3,96,288)		64,000	
Provision of Rates & Taxes	9,77,750		-	
Provision for doubtful advances	1,620,295	3,37,982,651	9,61,889	3,38,341,745
Operating profit / (loss) before working capital changes		<b>1,99,755,023</b>		<b>1,00,630,684</b>
<b>Changes in working capital:</b>				
Adjustments for (increase) / decrease in operating assets:				
Inventories	40,886,511		(8,07,69,210)	
Trade receivables	(74,925,908)		35,660,107	
Short-term loans and advances	12,83,587		26,982,550	
Long-term loans and advances	46,04,389		(5,512,468)	
Unamortised Premium on forward contract	2,596,444		(2,074,368)	
Other current assets (including foreign currency receivable under forward contract)	(6,756,009)	(3,23,10,986)	49,50,596	(20,762,793)
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	(21,773,582)		48,538,236	
Other current liabilities	(78,534,687)		(65,802,495)	
Foreign Currency payable under forward contract	64,159,029		11,891,258	
Other Long Term Liabilities	(1,079,826)		1,992,622	
Short-term provisions	1,77,994		6,940,241	
Long-term provisions	16,95,331	(3,53,55,741)	(9,70,573)	2,589,289
Cash generated from operations		<b>1,32,088,296</b>		<b>82,457,180</b>
Net income tax paid		(4,775,587)		(4,423,952)
<b>Net cash flow from / (used in) operating activities (A)</b>		<b>1,27,312,709</b>		<b>78,033,228</b>
<b>B. Cash flow from investing activities</b>				
Capital expenditure on fixed assets and CWIP	(1,87,279,634)		(3,52,649,485)	
Sale of Fixed Assets	17,500		-	
Proceeds from deposits matured	(1,72,809)		2,317,990	
Interest received	1,002,992		7,03,722	
<b>Net cash flow from / (used in) investing activities (B)</b>		<b>(1,86,431,951)</b>		<b>(3,49,627,773)</b>



# CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2017

PARTICULARS	YEAR ENDED 31ST MARCH, 2017		YEAR ENDED 31ST MARCH, 2016	
	₹	₹	₹	₹
<b>C. Cash flow from financing activities</b>				
Proceeds from long-term borrowing	-			3,108,298
Net increase / (decrease) in working capital borrowings	1,91,039,680			1,38,588,966
Interest Paid	(1,84,625,526)			(1,62,511,509)
Net Proceeds/(Repayment) from short-term borrowings	40,000,000			3,03,638,409
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>46,414,154</b>			<b>2,82,824,164</b>
<b>Net increase/(decrease) in Cash and cash equivalents (A+B+C)</b>	<b>(12,705,088)</b>			<b>11,229,619</b>
Cash and cash equivalents at the beginning of the year	17,082,135			5,852,516
<b>Cash and cash equivalents at the end of the year</b>	<b>4,377,047</b>			<b>17,082,135</b>
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>				
Cash and bank balances as per Balance Sheet (Refer Note 15)	5,320,250			17,567,621
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements (give details)	9,43,203			4,85,486
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 15	<b>4,377,047</b>			<b>17,082,135</b>
<b>Cash and cash equivalents at the end of the year</b>				
Comprises:				
(a) Cash in hand	48,648			20,031
(b) Balances with banks				
In current accounts	3,696,215			16,143,646
Unpaid Dividend Accounts*	6,32,184			9,18,458
	<b>4,377,047</b>			<b>17,082,135</b>

Notes: \* These balances are not available for use by the company as they represent corresponding Unpaid Dividend Liabilities.

See accompanying notes forming part of the financial statements.

As per our report of even date  
For Arun K. Gupta & Associates  
Chartered Accountants  
Firm Registration No : 000605N

Sachin Kumar  
Partner  
M. No. 503204

Place : New Delhi  
Date : 13-07-2017

For and on behalf of the board  
Ahlcon Parenterals (India) Limited

Anand Chandrashekhar Apte  
Chairman & Managing Director  
DIN No. 01677401

Sandeep Chotia  
Chief Financial Officer

Andreas Walde  
Director  
DIN No. 07331893

Ranjan Kumar Sahu  
Company Secretary







## AHLCON PARENTERALS (INDIA) LIMITED

Regd. Office: Plot No. 30 & 30 E, 2nd Floor, Shivaji Marg, Najafgarh Road  
Industrial Area, New Delhi - 110015., Tel No. +91- 11- 42344234  
Email: info@ahlconindia.com,www.ahlconinida.com

### ATTENDANCE SLIP

Regd. Folio No. / DP ID - Client ID : \_\_\_\_\_

Name & Address of First/Sole Shareholder : \_\_\_\_\_

No. of Shares held : \_\_\_\_\_

I certify that I am a member / proxy for the member of the company. I record my presence at the 25th Annual General Meeting of the Company being held on Wednesday, the 27<sup>th</sup> day of September 2017 at 4.00 PM at Plot No. 30 & 30 E, 2nd Floor, Shivaji Marg, Najafgarh Road Industrial Area, New Delhi - 110015.

\_\_\_\_\_  
Name of the member / proxy (In BLOCK Letters)

\_\_\_\_\_  
Signature of member/ proxy

Note:  
(a) only Member / proxy can attend the meeting. No minors would be allowed at the meeting  
(b) member / proxy wish to attend the meeting must bring this attendance slip to the meeting and handover at the entrance duly filled in and signed.

please tear her



## AHLCON PARENTERALS (INDIA) LIMITED

CIN - U24239DL1992PLC047245  
Regd. Office: Plot No. 30 & 30 E, 2nd Floor, Shivaji Marg, Najafgarh Road  
Industrial Area, New Delhi - 110015, Tel No. +91- 11- 42344234,  
Email: info@ahlconindia.com,www.ahlconinida.com

### PROXY FORM

Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2016]

Name of the member (s) :-..... Registered address :-.....

E-mail Id :-..... Client ID :-.....

I/We, being the member (s) of ..... shares of Ahlcon Parenterals (India) Limited, hereby appoint :

1. Name ..... E-mail Id .....

Address ..... Signature .....or failing him/her

2. Name ..... E-mail Id .....

Address ..... Signature .....or failing him/her

3. Name ..... E-mail Id .....

Address ..... Signature .....or failing him/her

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 25th Annual General Meeting of the Company, to be held on Wednesday, the 27th day of September 2017 at 4.00 PM at Plot No. 30 & 30 E, 2nd Floor, Shivaji Marg, Najafgarh Road Industrial Area, New Delhi - 110015, and at any adjournment there of in respect of such resolutions as are indicated below:

Resolution No.	Description
01	To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 2017, Statement of Profit & Loss and Cash Flow Statement for the year ended on that date together with Reports of the Board of Directors and the Auditors thereon.
02	Reappoint Mr. Andreas Walde, as a rotational director
03	Appoint Auditors and fixation of their remuneration
04	Appointment of Mr. Indranil Mukherjee, Director of the Company
05	Ratification of remuneration of Cost Auditors
06	Waiver of Excess Remuneration paid to Mr. Arun Mudgal, Managing Director
07	Appointment of Mr. Indranil Mukherjee, as Managing Director of the Company

# REGISTRAR & SHARE TRANSFER AGENTS

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## **MAS SERVICES LTD.**

T- 34, 2nd Floor, Okhla Industrial Area,

Phase – II, New Delhi – 110 020

Ph: 011– 26387281/82/83,

Fax: 011– 26387384

Email: [info@masserv.com](mailto:info@masserv.com)

Website: [www.masserv.com](http://www.masserv.com)

For Dematerialisation of Shares

ISIN No. INE 027C01011

# BOOK POST

*If undelivered, please return to:*

**Ahlcon Parenterals (India) Limited**

Regd. Office: Plot No.30 & 30 E, 2nd Floor  
Shivaji Marg, Najafgarh Road Industrial Area,  
New Delhi -110015.

Tel No.+91-11-42344234

Email: [info@ahlconindia.com](mailto:info@ahlconindia.com)

**[www.ahlconindia.com](http://www.ahlconindia.com)**