NEULAND
WHERE OPPORTUNITY BECOMES REALITY

Neuland Laboratories Limited
Sanali Info Park, 'A' Block,
Ground Floor, 8-2-120/113
Road No. 2, Banjara Hills
Hyderabad - 500 034.
Telangana, India.

Tel: 040 30211600 / 23551081
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Email: neuland@neulandlabs.com
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August 10, 2018

To
B S E Limited
Phiroze Jeejeebhoy Towers,
25th Floor, Dalal Street,
Mumbai - 400 001

Scrip Code: 524558

To
The National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex
Bandra (E)
Mumbai - 400 001

Scrip Code: NEULANDLAB
Series: EQ

Dear Sirs,

Sub: Outcome of 34th Annual General Meeting ("AGM")
Ref: Disclosure/ submission undertaking pursuant to SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015

With reference to the captioned subject, please find attached the following.

1. Summary of proceedings as required under Regulation 30, Part A of Schedule III of SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015.
2. Voting results as required under Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015.
3. Report of Scrutinizer dated August 10, 2018, pursuant to Section 108 of the Companies Act 2013 and Rule 20 (4) (xii) of the Companies (Management and Administration) Rules, 2014.
4. Annual Report of the financial year 2017-18 as required under Regulation 44 of the SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015 duly approved and adopted by the members/ shareholders of the Company as per the provisions of the Companies Act, 2013.

Please take note that the above referred documents are being uploaded on the Website of the company. We request you to take these documents on your records.

Thanking you,

Yours faithfully,
For Neuland Laboratories Limited

Sarada Bhamidipati
Company Secretary

Encl : a/a

NEULAND

Brief proceedings of the Thirty Fourth Annual General Meeting

The 34th Annual General Meeting ("AGM") of the Members of Neuland Laboratories Limited was held on Friday, August 10, 2018, at 2.30 p.m. at the Grand Ball Room, Taj Krishna, Road No. 1, Banjara Hills, Hyderabad - 500034 and concluded on 3.50 p.m.

The Company Secretary welcomed the Board of Directors and the shareholders to the 34th Annual General Meeting of the Company. The required Statutory Registers and other related documents were made available during the meeting for inspection of the Members. The Company Secretary then requested Dr.D.R.Rao, Chairman, to commence the meeting. The requisite quorum being present, the Chairman called the meeting to order. All the Directors attended the meeting.

The Chairman delivered his speech and invited the members to ask questions or seek clarifications on the Agenda items. Thereafter, the Management of the Company responded to the queries raised / clarifications sought by the Members.

The Chairman informed the shareholders that the Company had provided Members the facility to cast their vote electronically, on all resolutions set forth in the Notice. Physical voting facility was also provided to those members who did not cast their votes in remote e-voting.

The items of Ordinary Business and Special Business before the meeting as listed from Item No.s 1 to 7 below, were covered. The Chairman gave opportunity to the Members to ask questions or seek clarifications on the Agenda items.

The following item of business as per the Notice of the 34th Annual General Meeting was transacted:

ORDINARY BUSINESS

1. Ordinary Resolution to receive, consider and adopt the (a) the Audited Financial statements of the Company for the Financial Year ended March 31, 2018, together with the reports of the Board of Directors and Auditors thereon (b) the Consolidated Audited Financial statements of the Company for the Financial Year ended March 31, 2018, together with the reports of the Auditors thereon

2. Ordinary Resolution to appoint a Director in place of Mr. Davuluri Saharsh Rao (DIN: 02872948), who retires by rotation and being eligible seeks re-appointment

NEULAND LABORATORIES LTD. HYD.

SPECIAL BUSINESS

3. Special Resolution for Payment of minimum remuneration to Dr Davuluri Rama Mohan Rao, Chairman & Managing Director of the Company.

4. Special Resolution for Payment of minimum remuneration to Mr. Davuluri Saharsh Rao, Whole Time Director designated as Joint Managing Director of the Company

5. Special resolution for Payment of minimum remuneration to Mr. Davuluri Sucheth Rao, Whole Time Director designated as Vice-Chairman & Chief Executive Officer of the Company

6. Special Resolution for Re-appointment of Mr. Davuluri Sucheth Rao, Whole Time Director designated as Vice-Chairman & Chief Executive Officer of the Company for a period of five years w.e.f. August 1, 2018

7. Ordinary Resolution for Ratification of Cost Auditor's Remuneration

The Board of Directors had appointed Mr.D.Hanumanta Raju, Partner, D.Hanumanta Raju & Co., as the Scrutinizer to supervise the remote e-voting and physical poll process. The Chairman authorized the Company Secretary to declare the voting results, intimate the stock exchanges and place the same on the website of the Company within the stipulated timelines.

The meeting concluded at 3.50 pm.

The Scrutinizer's Report was received after the conclusion of the Meeting on August 10, 2018 and as set out therein all the said resolutions were declared passed with the requisite majority.

This is for your information and record.

For **Neuland Laboratories Limited**

Sarada Bhamidipati
Company Secretary

Office :
B-13, F-1, P.S. Nagar,
Vijayanagar Colony, Hyderabad - 500 057.
Phone : (0) 91-40-23340985, 23347946, 23341213
e-mail : dhr300@gmail.com, dhr300@yahoo.com
website : www.dhanumantarajuandco.com

Since 1990

CS DATLA HANUMANTHA RAJU
B.COM., LL.B., PGDT, M.B.A., FCS
PARTNER
D. HANUMANTA RAJU & CO.
COMPANY SECRETARIES

Scrutinizer(s) Combined Report

[Pursuant to section 108 and 109 of the Companies Act, 2013 and Rule 20 and 21 of the Companies (Management and Administration) Rules, 2014 as amended from time to time]

To
The Chairman of 34th Annual General Meeting (AGM) of the members of
Neuland Laboratories Limited (the Company) held on Friday, August 10, 2018 at 2.30 p.m. at the Grand Ball Room, Taj Krishna, Road No.1, Banjara Hills, Hyderabad - 500 034.

Dear Sir,

I, D. Hanumanta Raju, Partner of D. Hanumanta Raju & Co, Company Secretaries, having our office at B-13, F-1, P.S.Nagar, Vijayanagar Colony, Hyderabad – 500 057, have been appointed as Scrutinizer of Neuland Laboratories Limited ("the Company") having its Registered Office address at Sanali Info Park, 'A' Block, Ground Floor, 8-2-120/113, Road No 2, Banjara Hills, Hyderabad, Telangana – 500 034 for the purpose of scrutinizing the e- voting process and physical ballot process in a fair and transparent manner & ascertaining the requisite majority on e-voting and ballot carried out as per the provisions of Companies Act, 2013 and Rule 20 and 21 of the (Management and Administration) Rules, 2014 as amended from time to time on the resolution(s) as mentioned in the notice of 34th Annual General Meeting of the Equity shareholders of Neuland Laboratories Limited held on Friday, August 10, 2018 at 2.30 p.m. at the Grand Ball Room, Taj Krishna, Road No.1, Banjara Hills, Hyderabad – 500 034, India.

The Management of the Company is responsible to ensure the compliance with the requirements of the Companies Act, 2013 and Rules relating to voting through electronic means and physical ballot process on the resolutions contained in the notice to the 34th Annual General Meeting (AGM) of the members of the Company. My responsibility as a scrutinizer for the e-voting and physical ballot process is restricted to make a Scrutinizer's report of the votes cast "in favour" or "against" the resolutions stated above, based on the reports generated by Karvy Computershare Private Limited, the authorized agency engaged by the Company.

I submit my report as under:

1. The e-voting period remained open from Tuesday, August 7, 2018 (09.00 a.m.) to Thursday, August 9, 2018 (05.00 p.m.)

2. The shareholders holding shares as on the "cut off" date i.e. August 3, 2018 were entitled to vote through e-voting and those who were present on the date of AGM, and not opted to vote through e-voting were entitled to vote through physical ballot process on the

D. HANUMANTA RAJU & CO. COMPANY SECRETARIES resolution(s) 1 to 7 as set out in the Notice of 34th AGM of Neuland Laboratories Limited.

3. The remote e-voting was closed at August 9, 2018 at 5.00 p.m. The votes cast were unblocked on August 10, 2018 at 3.53 p.m. in the presence of two witnesses, Mrs. Shaik Razia and Mr. Shedole Amarnath who are not in the employment of the company.

   Thereafter, the details containing, inter-alia list of equity shareholders, who voted "in favour" or "against" were downloaded from the e-voting website of Karvy Computershare Private Limited.

4. Further, on the date of Annual General Meeting, 158 (One Hundred and Fifty Eight only) (117 members and 41 proxies) have voted through physical ballot process.

5. The result of e-voting as well as physical ballot is as under:

Item No.1:

a. **Ordinary resolution to receive, consider and adopt (a) the Audited Financial Statements of the Company for the financial year ended March 31, 2018, together with the Reports of the Board of Directors and Auditors thereon and (b) the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2018, together with the Report of the Auditors thereon.**

i. Voted **In favour** of resolution:

Number of members voted	**Number of votes cast**	**% of total number of valid votes cast**
124	4711296	99.972

ii. Voted **Against** the resolution:

Number of members voted	**Number of votes cast**	**% of total number of valid votes cast**
46	1299	0.028

iii. **Invalid** Votes (Including abstained votes):

Number of members whose votes were declared invalid	**Number of votes cast/abstain by them**
5	1204

D. HANUMANTA RAJU & CO. ★ COMPANY SECRETARIES ★

Item No. 2:

Ordinary Resolution for re-appointment of Mr. Davuluri Saharsh Rao who retires by rotation.

i. Voted **In favour** of the resolution:

Number of members voted	Number of votes cast	% of total number of valid votes cast
124	4711296	99.972

ii. Voted **Against** the resolution:

Number of members voted	Number of votes cast	% of total number of valid votes cast
46	1299	0.028

iii. **Invalid** Votes (Including abstained votes):

Number of members whose votes were declared invalid	Number of votes cast/abstain by them
5	1204

Item No.3:-

Special resolution for payment of minimum remuneration to Dr. Davuluri Rama Mohan Rao, Chairman & Managing Director of the Company.

i. Voted **In favour** of the resolution:

Number of members voted	Number of votes cast	% of total number of valid votes cast
117	4689711	99.514

ii. Voted **Against** the resolution:

Number of members voted	Number of votes cast	% of total number of valid votes cast
53	22884	0.486

D. HANUMANTA RAJU & CO. ★ COMPANY SECRETARIES ★

iii. **Invalid** Votes (Including abstained votes):

Number of members whose votes were declared invalid	Number of votes cast/abstain by them
5	1204

Item No.4:-

Special resolution for payment of minimum remuneration to Mr. Davuluri Saharsh Rao, Whole Time Director of the Company designated as Joint Managing Director.

i. Voted **In favour** of the resolution:

Number of members voted	Number of votes cast	% of total number of valid votes cast
118	4689712	99.514

ii. Voted **Against** the resolution:

Number of members voted	Number of votes cast	% of total number of valid votes cast
52	22883	0.486

iii. **Invalid** Votes (Including abstained votes):

Number of members whose votes were declared invalid	Number of votes cast/abstain by them
5	1204

Item No.5:-

Special resolution for payment of minimum remuneration to Mr. Davuluri Sucheth Rao, Whole Time Director of the Company designated as Vice Chairman and Chief Executive Officer.

i. Voted **Infavour** of resolution:

Number of members voted	Number of votes cast	% of total number of valid votes cast
117	4689711	99.514

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ii. Voted **Against** the resolution:

Number of members voted	Number of votes cast	% of total number of valid votes cast
53	22884	0.486

iii. **Invalid** Votes(Including abstained votes):

Number of members whose votes were declared invalid	Number of votes cast/abstain by them
5	1204

Item No.6:-

Special resolution for re-appointment of Mr. Davuluri Sucheth Rao as Whole Time Director designated as Vice Chairman and Chief Executive Officer of the company for a period of five (5) years from August 1, 2018.

i. Voted **Infavour** of resolution:

Number of members voted	Number of votes cast	% of total number of valid votes cast
124	4711296	99.972

ii. Voted **Against** the resolution:

Number of members voted	Number of votes cast	% of total number of valid votes cast
46	1299	0.028

iii. **Invalid** Votes (Including abstained votes):

Number of members whose votes were declared invalid	Number of votes cast/abstain by them
5	1204

D. HANUMANTA RAJU & CO. ★ COMPANY SECRETARIES ★

Item No.7:-

Ordinary resolution for ratification of Cost Auditor's remuneration.

i. Voted **In favour** of resolution:

Number of members voted	Number of votes cast	% of total number of valid votes cast
122	4711240	99.971

ii. Voted **Against** the resolution:

Number of members voted	Number of votes cast	% of total number of valid votes cast
48	1355	0.029

iii. **Invalid** Votes (Including abstained votes):

Number of members whose votes were declared invalid	Number of votes cast/abstain by them
5	1204

6. The register, all other papers and relevant records relating to e-voting and physical ballot shall remain in our safe custody until the chairman considers, approves and signs the minutes of the aforesaid Annual General Meeting and thereafter the same would be handed over to the Chairman of the Company for safe keeping.

Thanking You,
Yours faithfully,

D.HANUMANTA RAJU
FCS: 4044, C.P. No: 1709
PARTNER
D. HANUMANTA RAJU & CO.
COMPANY SECRETARIES

Place: Hyderabad
Date: 10/08/2018

	NEULAND LABORATORIES LIMITED
Date of the AGM/EGM	10-08-2018
Total number of shareholders on record date	12949
No. of shareholders present in the meeting either in person or through proxy:	
Promoters and Promoter Group:	6
Public:	380
No. of Shareholders attended the meeting through Video Conferencing	
Promoters and Promoter Group:	Not Applicable
Public:	Not Applicable

Resolution No.	1							
Resolution required: (Ordinary/ Special)	ORDINARY - To receive consider and adopt (a) the Audited Financial Statements of the Company for the Financial Year ended March 31, 2018, together with the Reports of the Board of Directors and Auditors thereon and (b) the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2018, together with the Report of the Auditors thereon.							
Whether promoter/ promoter group are interested in the agenda/resolution?	No							
Category	Mode of Voting	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3)=[(2)/(1)]* 100	No. of Votes – in favour (4)	No. of Votes – against (5)	% of Votes in favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on votes polled (7)=[(5)/(2)]*100
Promoter and Promoter Group	E-Voting	4624510	0	0.00	00	0	0.0000	0.0000
	Poll		4275036	92.44	4275036	0	100.0000	0.0000
	Postal Ballot (if applicable)		0	0.00	00	0	0.0000	0.0000
	Total		4275036	92.44	4275036	0	100.0000	0.0000
Public- Institutions	E-Voting	2904624	430248	14.81	430248	0	100.0000	0.0000
	Poll		0	0.00	00	0	0.0000	0.0000
	Postal Ballot (if applicable)		0	0.00	00	0	0.0000	0.0000
	Total		430248	14.81	430248	0	100.0000	0.0000
Public- Non Institutions	E-Voting	5300755	2036	0.04	781	1255	38.3595	61.6404
	Poll		5275	0.10	5231	44	99.1658	0.8341
	Postal Ballot (if applicable)		0	0.00	00	0	0.0000	0.0000
	Total		7311	0.14	6012	1299	82.2323	17.7677
	Total	12829889	4712595	36.7314	4711296	1299	99.9724	0.0276

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Resolution No.	2							
Resolution required: (Ordinary/ Special)	ORDINARY - Re-appointment of Mr.Davuluri Saharsh Rao, who retires by rotation.							
Whether promoter/ promoter group are interested in the agenda/resolution?	Yes							
Category	Mode of Voting	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3)=[(2)/(1)]* 100	No. of Votes – in favour (4)	No. of Votes – against (5)	% of Votes in favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on votes polled (7)=[(5)/(2)]*100
Promoter and Promoter Group	E-Voting	4624510	0	0.0000	00	0	0.0000	0.0000
	Poll		4275036	92.4430	4275036	0	100.0000	0.0000
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		4275036	92.443	4275036	0	100.0000	0.0000
Public- Institutions	E-Voting	2904624	430248	14.8125	430248	0	100.0000	0.0000
	Poll		0	0.0000	00	0	0.0000	0.0000
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		430248	14.8125	430248	0	100.0000	0.0000
Public- Non Institutions	E-Voting	5300755	2036	0.0384	781	1255	38.3595	61.6404
	Poll		5275	0.0995	5231	44	99.1658	0.8341
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		7311	0.1379	6012	1299	82.2323	17.7677
	Total	12829889	4712595	36.7314	4711296	1299	99.9724	0.0276

NEULAND LABORATORIES LTD. HYD

Resolution No.	3							
Resolution required: (Ordinary/ Special)	SPECIAL - Payment of minimum remunerationto Dr.Davuluri Rama Mohan Rao, Chairman & Managing Director of the Company.							
Whether promoter/ promoter group are interested in the agenda/resolution?	Yes							
Category	Mode of Voting	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3)=[(2)/(1)]* 100	No. of Votes – in favour (4)	No. of Votes – against (5)	% of Votes in favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on votes polled (7)=[(5)/(2)]*100
Promoter and Promoter Group	E-Voting	4624510	0	0.0000	00	0	0.0000	0.0000
	Poll		4275036	92.4430	4275036	0	100.0000	0.0000
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		4275036	92.443	4275036	0	100.0000	0.0000
Public- Institutions	E-Voting	2904624	430248	14.8125	408722	21526	14.0714	0.7411
	Poll		0	0.0000	00	0	0.0000	0.0000
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		430248	14.81251962	408722	21526	94.9968	5.0032
Public- Non Institutions	E-Voting	5300755	2036	0.0384	780	1256	38.3104	61.6895
	Poll		5275	0.0995	5173	102	98.0663	1.9336
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		7311	0.137909623	5953	1358	81.4252	18.5748
	Total	12829889	4712595	36.7314	4689711	22884	99.5144	0.4856

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Resolution No.	4							
Resolution required: (Ordinary/ Special)	SPECIAL - Payment of minimum remuneration to Mr.Davuluri Saharsh Rao, Whole Time Director of the Company designated as Joint Managing Director.							
Whether promoter/ promoter group are interested in the agenda/resolution?	Yes							
Category	Mode of Voting	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3)=[(2)/(1)]* 100	No. of Votes – in favour (4)	No. of Votes – against (5)	% of Votes in favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on votes polled (7)=[(5)/(2)]*100
Promoter and Promoter Group	E-Voting	4624510	0	0.0000	00	0	0.0000	0.0000
	Poll		4275036	92.4430	4275036	0	100.0000	0.0000
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		4275036	92.44300477	4275036	0	100.0000	0.0000
Public- Institutions	E-Voting	2904624	430248	14.8125	408722	21526	94.9968	5.0032
	Poll		0	0.0000	00	0	0.0000	0.0000
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		430248	14.81251962	408722	21526	94.9968	5.0032
Public- Non Institutions	E-Voting	5300755	2036	0.0384	780	1256	38.3104	61.6896
	Poll		5275	0.0995	5174	101	98.0853	1.9147
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		7311	0.137914126	5954	1357	81.4389	18.5611
	Total	12829889	4712595	36.7314	4689712	22883	99.5144	0.4856

NEULAND LABORATORIES LTD HYD

Resolution No.	5							
Resolution required: (Ordinary/ Special)	SPECIAL - Payment of minimum remuneration of to Mr.Davuluri Sucheth Rao, Whole Time Director of the Company designated as Vice Chairman & Chief Executive Officer.							
Whether promoter/ promoter group are interested in the agenda/resolution?	Yes							
Category	Mode of Voting	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3)=[(2)/(1)]* 100	No. of Votes – in favour (4)	No. of Votes – against (5)	% of Votes in favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on votes polled (7)=[(5)/(2)]*100
Promoter and Promoter Group	E-Voting	4624510	0	0.0000	00	0	0.0000	0.0000
	Poll		4275036	92.4430	4275036	0	100.0000	0.0000
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		4275036	92.44300477	4275036	0	100.0000	0.0000
Public- Institutions	E-Voting	2904624	430248	14.8125	408722	21526	94.9968	5.0032
	Poll		0	0.0000	00	0	0.0000	0.0000
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		430248	14.81251962	408722	21526	94.9968	5.0032
Public- Non Institutions	E-Voting	5300755	2036	0.0384	780	1256	38.3104	61.6896
	Poll		5275	0.0995	5173	102	98.0664	1.9336
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		7311	0.137923749	5953	1358	81.4252	18.5748
	Total	12829889	4712595	36.7314	4689711	22884	99.5144	0.4856

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Resolution No.	6							
Resolution required: (Ordinary/ Special)	SPECIAL - Re-appointment of Mr. Davuluri Sucheth Rao as Whole Time Director, designated as Vice Chairman & Chief Executive Officer of the Company, for a period of five years from August 1, 2018.							
Whether promoter/ promoter group are interested in the agenda/resolution?	Yes							
Category	Mode of Voting	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3)=[(2)/(1)]* 100	No. of Votes – in favour (4)	No. of Votes – against (5)	% of Votes in favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on votes polled (7)=[(5)/(2)]*100
Promoter and Promoter Group	E-Voting	4624510	0	0.0000	00	0	0.0000	0.0000
	Poll		4275036	92.4430	4275036	0	100.0000	0.0000
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		4275036	92.44300477	4275036	0	100.0000	0.0000
Public- Institutions	E-Voting	2904624	430248	14.8125	430248	0	100.0000	0.0000
	Poll		0	0.0000	00	0	0.0000	0.0000
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		430248	14.81251962	430248	0	100.0000	0.0000
Public- Non Institutions	E-Voting	5300755	2036	0.0384	781	1255	38.3595	61.6405
	Poll		5275	0.0995	5231	44	99.1659	0.8341
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		7311	0.137923749	6012	1299	82.2323	17.7677
	Total	12829889	4712595	36.7314	4711296	1299	99.9724	0.0276

Resolution No.	7
Resolution required: (Ordinary/ Special)	ORDINARY- Ratification of Cost Auditor's Remuneration.
Whether promoter/ promoter group are interested in the agenda/resolution?	No

Category	Mode of Voting	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3)=[(2)/(1)]* 100	No. of Votes – in favour (4)	No. of Votes – against (5)	% of Votes in favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on votes polled (7)=[(5)/(2)]*100
Promoter and Promoter Group	E-Voting	4624510	0	0.0000	00	0	0.0000	0.0000
	Poll		4275036	92.4430	4275036	0	100.0000	0.0000
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		4275036	92.44300477	4275036	0	100.0000	0.0000
Public- Institutions	E-Voting	2904624	430248	14.8125	430248	0	100.0000	0.0000
	Poll		0	0.0000	00	0	0.0000	0.0000
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		430248	14.81251962	430248	0	100.0000	0.0000
Public- Non Institutions	E-Voting	5300755	2036	0.0384	781	1255	38.3595	61.6405
	Poll		5275	0.0995	5175	100	98.1043	1.8957
	Postal Ballot (if applicable)		0	0.0000	00	0	0.0000	0.0000
	Total		7311	0.137923749	5956	1355	81.4663	18.5337
	Total	12829889	4712595	36.7314	4711240	1355	99.9712	0.0288

NEULAND LABORATORIES LTD. HYD.

NEULAND
WHERE OPPORTUNITY BECOMES REALITY

Annual Report 2017-18

NEULAND LABORATORIES LIMITED

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Management Reports

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Caution regarding forward-looking statements

In this annual report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expect', 'project', 'intend', 'plan', 'believe' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward looking statements, whether as a result of new information, future events or otherwise.

Corporate Information

Board of Directors

Dr. Davuluri Rama Mohan Rao
Chairman & Managing Director

Mr. Davuluri Sucheth Rao
Vice Chairman & Chief Executive officer

Mr. Davuluri Saharsh Rao
Joint Managing Director

Mr. Humayun Dhanrajgir
Non-Executive Independent Director

Mr. Parampally Vasudeva Maiya
Non-Executive Independent Director

Dr. William Gordon Mitchell
Non-Executive Independent Director

Dr. Christopher M. Cimarusti
Non Executive Director

M Bharati Rao
Non-Executive Independent Director

Dr. Nirmala Murthy
Non-Executive Independent Director

Mr. Amit Agarwal
Chief Financial Officer[1]

Ms. Sarada Bhamidipati
Company Secretary & Compliance officer

[1] Appointed with effect from November 22, 2017

Audit Committee

Mr. P.V. Maiya, Chairman
Mr. Humayun Dhanrajgir, Member
Mr. D. Sucheth Rao, Member
Mrs. Bharati Rao, Member
Dr. Nirmala Murthy, Member

CSR Committee

Mr. Humayun Dhanrajgir, Chairman
Dr. D. R. Rao, Member
Mr. D. Sucheth Rao, Member
Mr. D. Saharsh Rao, Member
Dr. Nirmala Murthy, Member

Nomination and Remuneration Committee

Mr. P.V.Maiya, Chairman
Mr. Humayun Dhanrajgir, Member
Mrs. Bharati Rao, Member

Stakeholders Relationship Committee

Mr. P.V. Maiya, Chairman
Dr. D.R.Rao, Member
Mr. D. Sucheth Rao, Member

Bankers

State Bank of India,
Overseas Branch, Jubilee Hills, Hyderabad

Indian Overseas Bank,
Large Corporate Branch, Hyderabad

Bank Of India,
Mid Corporate Branch, Hyderabad

Kotak Mahindra Bank,
Somajiguda Branch, Hyderabad

IndusInd Bank,
Secunderabad Branch, Hyderabad

RBL Bank Ltd,
Ameerpet Branch, Hyderabad

Registered Office

NEULAND LABORATORIES LIMITED
CIN: L85195TG1984PLC004393
Sanali Info Park, 'A' Block,
Ground Floor, 8-2-120/113,
Road No. 2, Banajara Hills,
Hyderabad – 500 034

Listing

BSE Limited (BSE)
National Stock Exchange of India Limited (NSE)

Statutory Auditors

Walker Chandiok & Co LLP
7th Floor, Block III, White House
Kundan Bagh, Begumpet,
Hyderabad 500 016

Internal Auditors

M/s.Ernst & Young LLP
Oval Office, 18 I-Labs Center,
Hitech City, Madhapur, Hyderabad – 500081

Secretarial Auditors

M/s P.S.Rao & Associates
Flat No-10, 4th Floor, D.No. 6-3-347/22/2
Ishwarya Nilayam, Opp Sai Baba Temple
Dwarakapuri Colony, Panjagutta,
Hyderabad-500082

Registrar and Share Transfer Agents

Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot No 31 & 32,
Financial District, Nanakramguda
Serlingampally Mandal
Hyderabad-500032

Chairman's message

In the last year, we have added capacity with the addition of Unit 3, consolidated our businesses and are geared to face the headwinds. Our robust compliance framework built over 30+ years is embedded into the culture of Neuland and is reflected in the way we function.

Dear Shareholders,

Financial Year 2018 has been one of the most challenging years in recent times for the global pharmaceutical sectors. In the face of severe pricing pressure in the generic drugs market, industry wide margins have been impacted. This has been compounded by supply constraints such as mounting oil prices and an unanticipated global capacity constraint owing to increased environmental regulatory requirements in China. The vigilance levels by regulatory authorities across markets only see an increase with each passing year adding to the existing pressures on manufacturers.

This has been a challenging year for us at Neuland with performance being impacted by external and internal situations, some of which were beyond our control. Some of the factors which led to a muted performance were lower than expected sales in Ciprofloxacin, Salmeterol and a product in the CMS segment. There were capacity constraints in our Unit 1 that prevented us from delivering more orders during the first half of the financial year on account of mismatch in capacities whereby the order mix led to a constraint for certain products while there was free capacity elsewhere. While we as a Company prepared specific execution plans for our capacities, the order inflow did not match this plan. We had stronger than usual orders for products like Donepezil, Olanzapine, Sotalol and Levofloxacin, but these are where we had some capacity constraints. Some products in our niche category such as Entacapone, Dorzolamide and Brinzolamide showed a decline in order inflow. This had a direct bearing on our operational efficiencies and hence the topline numbers took a severe beating. This was also compounded by delay in the regulatory approvals for Salmaterol which further impacted our overall performance.

For the financial year 2018, the total revenue was ₹ 5,336.9 mn as compared to ₹ 5,888.9 mn in FY17, a decline of 9.4%. The EBITDA stood at ₹ 545.7 mn as compared to ₹ 106.9 mn during the previous financial year and EBITDA margins dropped to 10.2% from 18.1% in FY17. Net profit stood at ₹ 118.1mn for FY18 as compared to ₹ 463.8 mn in FY17 and basic EPS stood at ₹ 10.59 as against ₹ 41.58 in FY17. Keeping in view the future strategic initiatives of the Company, the Board has not recommended any dividend for the year ended March 31, 2018.

In the last year, we have added capacity with the addition of Unit 3, consolidated our businesses with the merger approval coming through and are geared to face the headwinds. Our robust compliance framework built over 30+ years is embedded into the culture of Neuland and is reflected in the way we function.

A key development during the year was that the National Company Law Tribunal (NCLT), Hyderabad Bench, vide its order dated March 28, 2018, approving the Scheme of Amalgamation and Arrangement between Neuland Laboratories Limited (NLL), Neuland Pharma Research Private Ltd and Neuland Health Sciences Private Limited into a single company - NLL. The amalgamation will build stronger and sustainable business and enhance the potential for future growth with the consolidation of intellectual property, R&D capabilities and physical infrastructure into one combined entity. There would be greater operational efficiencies with strong financials will have greater access to sources of funds, improved cash flows and increased net worth.

We acquired, a multiproduct manufacturing facility, Unit 3, spread across 12 acres with a capacity of about 197 kiloliters, in December 2017. It was inspected by the United States Food and Drug Administration (USFDA) in 2015. It approximately represents a 40% increase in terms of total manufacturing capacity for Neuland. It has 5 production blocks for API manufacturing as well as advanced intermediate manufacturing. It also has capability for onsite development, analytical method development, quality control laboratory and a pilot plant. To start with, Unit 3 serves as a backward integration facility for a number of products that we currently manufacture apart from de-risking raw material supplies for existing products. It also gives the Company flexibility to add new high-volume products while creating additional capacity for new CMS products as well as doubling up as an alternate site for existing products.

The backward integration of some of our products in newly acquired facility Unit 3 is therefore a crucial step in that direction to partially mitigate costs and shore up margins in addition to the qualification of alternate site for key products. The integration of the Unit 3 facility is ongoing, and we have already started manufacturing trials for some of the intermediates from this facility as a backward integration process for some of our products. Selection of new products and qualifying them for the facility is currently underway and we believe that this acquisition will add value to the Company in the forthcoming quarters.

During the year, the US FDA has successfully completed its audit in one of our facilities. This was followed by an EDQM inspection and a Chinese FDA inspection. For the US FDA inspection we have already received the Establishment Inspection Report (EIR) and for the EDQM inspection, there were no critical or major observations.

As we step into the new fiscal, we are happy with the visibility for GDS and order pipeline from the CMS business which we see as one of the key growth drivers for the Company. The CMS business continues to see an increasing momentum as we scale our products in the plant and add new projects. This year, we filed 4 USDMFs – Apixaban, Paliperidone Palmitate (Sterile), Rotigotine and Aripiprazole Lauroxil and scaled up one CMS product and Aripiprazole Lauroxil for the GDS business.

There is high customer interest in Peptides and we have completed significant milestones in some of the peptide projects. Our process engineering lab which was commissioned recently is enabling us to work on Quality by Design (QBD) for NCE projects and this has already helped us with projects across the GDS and CMS business.

The outlook for the pharmaceutical industry is expected to slowly turn positive. There is an abatement in pricing pressure from regulatory markets. At the Company level, we have resolved our supply mismatch issues, by initiating the process of making our units fungible and adding acquiring capacity, the outlook for our businesses –Prime APIs, Niche and CMS is positive for the current financial year and barring any unforeseen regulatory changes we are poised to return to our growth trajectory after a muted year.

Human capital remains the core of our success and we have a focused team committed to making Neuland stronger and better and it is an honour to work with them. Their hard work is not only gratifying but critical for us to accomplish what we and our shareholders aim to achieve. I am grateful to our wonderful team, customers, and shareholders, business partners, lenders and all stakeholders for their unstinting support and trust that they place in Neuland.

With Best Regards,

Dr. Davuluri Rama Mohan Rao
Chairman & Managing Director

Interview with VICE-CHAIRMAN & CEO

Mr. Davuluri Sucheth Rao, Vice-Chairman & CEO

Along with buffer capacity, Unit-3 allows for backward integration of key intermediates and will further strengthen our capability to deal with uncertainties.

Q What were the reasons for the below par financial performance in Fiscal 2018?

A Fiscal 2018 has been a culmination of various factors coinciding at around the same time and the impact being felt one quarter after another in FY 18. Before delving into the reasons, I would like to quickly summarize the financial results. we ended the year with revenues of INR 533 crore which was a decline of roughly 9.4% from our previous year numbers and our EBITDA also took a dip finishing the year at roughly INR 54.5 crore as opposed to INR 107 crore in FY 17. In margin terms, this corresponded to about 10% in FY 18 compared to 18% in the corresponding year.

The management is cognizant of the factors that contributed to the decline in financial performance. While some issues were macro industry and regulatory issues that were not within the control of the Company, we do acknowledge that certain operational issues could have been better managed and we have put in place processes that will address these lacunae in the system. So, if I had to pinpoint and ascribe reasons, the key reasons would be the following:

a. Spurt in raw material prices because of actions by the Chinese government and this has been an industry wide phenomenon. We expect this pain to continue into the foreseeable future

b. From an operational standpoint, we faced a situation of capacity imbalance between our Units 1 and 2 and non-fungibility of manufacturing products, as we operate in the regulated markets, from either of the units aggravated the situation

c. We saw some substantial decline in orders from one of our GDS products – Ciprofloxacin in one of the quarters and this added to the headwinds

d. Lastly, non-receipt of regulatory approval for one of our key products as well slower than expected offtake in the Specialty/ Niche space also meant that orders were not forthcoming in the niche API segment

So, it is evident that the issues that derailed the Company's performance was spread across segments and it was unfortunate that they all hit us in this one fiscal. The fact that this lacklustre financial year is due to temporary reasons is borne out by the numbers clocked in quarter four and we believe that this would set the exit run rate for the year ahead. The turnaround in performance is partly due to some improvements in the demand situation and mainly due to efforts taken by the Company to fix the operational issues.

We as a Company are quite confident that FY 19 would bring in renewed growth and the performance would give all of us reasons to cheer after this fiscal.

Q **Are the problems you mentioned above behind us?**

A Over the past several months we have invested a lot of time and effort to address the issues which came to the fore during the year. We have taken the following actions

- Balancing capacities
- Qualifying alternate sites with the regulatory approvals in progress
- Acquisition of Unit-3, which will add buffer capacity
- Initiated the process for backward integration for key Intermediates

Along with buffer capacity, Unit-3 allows for backward integration of key intermediates and will further strengthen our capability to deal with uncertainties.

As mentioned earlier, we are seeing demand for products such as Ciprofloxacin and couple of CMS molecules bounce back and all things being equal, we expect to revert to our performance levels of FY17 and grow beyond that. In summary, I do think that the problems are behind us, but we will see the impact only from around the second quarter of the financial year.

Q **Are there any other macro or industry challenges that we foresee in this financial year?**

A As indicated, operationally 2018 was a challenging year for us against the backdrop of global macroeconomic cues and sector specific developments. The pharmaceutical sector has seen pressure on margins because of supply constraints for key raw materials. There was an upsurge in crude prices and increase in raw material prices because of actions taken by the Chinese government with respect to the environment.

While the macroeconomic and geopolitical environment remained volatile, we are creating the right framework for us as a pure-play API business. We are grateful for the confidence placed in us by our customers year after year.

The short-term regulatory headwinds and the pricing related issues were crucial aspects of our operational strategy for the year, and you would appreciate that a lot of management focus has gone in upholding our commitment to quality compliance, environment, health, and safety. Apart from this, I believe that the usual risks which are particular to the industry remain, and we are keeping guard against by taking various steps to mitigate the risks.

Q **How is our product pipeline shaping up going forward? Are there any projects on hand that you think would drive sustainable growth over the years?**

A The CMS and the niche businesses are relatively smaller part of the business today and that is where there is a lot of opportunity and headroom for us to grow. As we step into the new fiscal, we are extremely pleased with the visibility for GDS and order pipeline from the CMS business which we see as one of the key growth drivers for the Company while industry pressures on raw material costs may continue to put some strain on the margins for Prime APIs.

In the last year, we filed 4 USDMFs and expect to file around 6-8 USDMFs in the next year. We have added a net of 10 live projects during the last year in the CMS business, which is something we are excited about as it strengthens our pipeline and is an affirmation that we are on right path.

We are investing in our R&D capabilities to ensure that we build capabilities which will make us a partner of choice across the spectrum of the pharma industry. For example, we have built capabilities in Quality by Design (QBD) and further enabled the team by commissioning a Process Engineering Lab, which will distinguish us as a partner for innovators.

We have two-three exciting projects on the CMS front, which will be drivers of long-term growth. While there is always an element of risk with CMS pipeline projects, the team is very excited about these opportunities which will drive our growth in the foreseeable future. This apart, on the GDS front, we are in the process of scaling up products which have our Sales team as well customers excited about. You will be hearing more on this front as we make progress.

Another area, which we are excited about is Peptides, where we have been building capabilities for around 10 years and we are seeing opportunities with innovators, as well as on the generic front.

In the last year, we filed 4 USDMFs and expect to file around 6-8 USDMFs in the next year. We have added a net of 10 live projects during the last year in the CMS business, which is something we are excited about as it strengthens our pipeline and is an affirmation that we are on right path.

Q **The merger of the holding company into the listed company is complete. What benefits and synergies do you see from this process?**

A At Neuland, we have always believed in driving business through a robust, combined single entity. We distinctly recognize that the merged entity would build a stronger and more sustainable future for the Company. This has become increasingly important given the global challenges faced by the industry. It is critical for pharmaceutical companies to present their strongest side in the face of these macro headwinds.

The amalgamation of the holding company and the listed company is one of our efforts in this direction. We believe that the consolidated entity is advantageous to the value creation and future potential of our business. The combined entity, *Our focus is to expand our Specialty/ Niche API portfolio, scaling our CMS business which is gaining traction and developing our peptide capabilities more aggressively. We have been working on peptides over the last 10 years but so far, the focus has been on just developing the capabilities. At this point of time, there is encouraging high customer interest in Peptides*

besides, owning strong financials, will have greater access to capabilities, improved cash flows and increased net worth. This apart, we also gather that the consolidation of intellectual property, R&D capabilities and physical infrastructure into one entity paves the way for tax efficiencies and instilling cost savings by utilizing the combined facilities with more focus on operational efficiencies and simplification of business processes. From a transparency and corporate governance perspective, we believe that it is a right step to eliminate inter-company transactions costs, execution of contracts and provision of related services.

With these envisaged benefits and an improved relationship with customers, the new Neuland with stronger consolidated capabilities is an end-to-end API solution provider that creates substantial value for all its stakeholders.

Q We added a new facility to our capability mix. What do you think this does to Neuland in terms of competitive positioning in the market?

A We completed the acquisition of a multiproduct facility (Unit 3) of Arch Pharma Labs Limited from JM Financials ARC under the provisions of the SARFAESI Act in December 2017. This facility is spread across 12 acres and has a capacity of about 197 kiloliters. It approximately represents a 40 percent increase in terms of total manufacturing capacity for Neuland. It has 5 production blocks for API manufacturing as well as advanced intermediate manufacturing. It also has capability for onsite development, analytical method development, quality control laboratory and a pilot plant. This plant has been acquired based on the company's operating plan over the next five years.

There are industry pressures on raw material pricing as I mentioned earlier that could put some strain on the margins for prime APIs. The backward integration of some of these products in Unit 3 is therefore an important step in that direction to partially mitigate costs and shore up margins. The integration of the Unit 3 facility is ongoing, and we have already started manufacturing trials for some of the intermediates from this facility as a backward integration process for some of our products. In this quarter, we achieved our goal of starting trial production in 100 days from acquiring this facility. Selection of new GDS products and qualifying them for the facility is currently underway along with certain key CMS projects and we believe that this acquisition will add value to the Company in the forthcoming quarters. This acquisition reflects the Company's strategic direction and investment in this facility has created a platform for future growth prospects.

Q What is the outlook for the Company going forward? What are the key areas of focus that the management would like to spend their time on?

A Financial year 2018 was one of the toughest for us at Neuland in terms of performance and challenges and we believe we have managed to turn the tide in our favor.

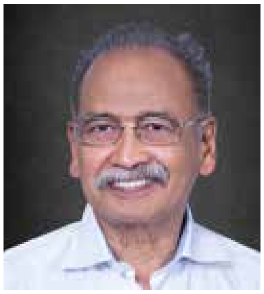
During the coming years, our focus is to expand our Specialty/ Niche API portfolio, scaling our CMS business which is gaining traction and developing our peptide capabilities more aggressively. We have been working on peptides over the last 10 years but so far, the focus has been on just developing the capabilities. At this point of time, there is encouraging high customer interest in Peptides Our proprietary abilities enable Neuland to offer the highest quality peptide products at competitive prices

Some of the elements of the core strategy for the years going forward will be:

- Reinforcing positioning as a pure play API Company
- Focus on niche/specialty APIs across therapy areas
- Scale up for increasing contribution of projects in pipeline under the Custom Manufacturing Solutions (CMS) vertical
- Peptides for innovators and the generic market
- Add capabilities and infrastructure in areas like Non-cytotoxic oncology and hormones
- Focus on costs & efficiency

In the year gone past, we have considerably strengthened our capabilities and operations and a poised for a high growth trajectory. While our existing portfolio of commercial and under development products has tremendous potential for the future growth, the traction in the CMS business both in terms of quality of projects and increased customer interest ensures we fulfill our vision of being a leading API partner of choice for the pharmaceutical industry. I am confident unwavering commitment to our growth strategy will deliver sustainable performance and add value to all our stakeholders.

Board of Directors



Dr. Davuluri Rama Mohan Rao

(DIN: 00107737), Chairman and Managing Director, is the Chief Promoter of Neuland. He has a Masters in Science from Andhra University, Post Graduate Diploma in Technology from IIT Kharagpur and a PhD in Organic Chemistry from the University of Notre Dame, U.S.A. Prior to promoting Neuland in 1984, he had held senior positions in R&D, Production and Quality Assurance at Glaxo India for about ten years and was Director, R&D and QA at Unique Chemicals, Mumbai. He is a member of Royal Society of Chemistry.

Mr. Davuluri Sucheth Rao

(DIN: 00108880), Vice-Chairman and Chief Executive Officer, has a degree in Mechanical Engineering and holds an Masters in Corporate Finance and Operations Management from University of Notre Dame, U.S.A. He was Production Group Leader in Cummins Inc., U.S.A. and later went on to become a green belt in Six Sigma. He has been actively involved in managing Neuland since 2002, initially as Chief Operating Officer (COO) and then as CEO. He is equipped with broad-based management skills in new business development, sales & marketing and operations management. He has direct P&L responsibility at the board level enhanced by the necessity to comply with high standards of corporate governance for a listed company, Quality related regulations and EHS (Environment, Health & Safety) laws. At Neuland, Sucheth has been responsible for establishing subsidiaries in the US & Japan, increasing Sales from Regulated Markets, strengthening Quality Management Systems, driving Neuland's strategy towards niche APIs & the CMS Business.

Mr. Davuluri Saharsh Rao

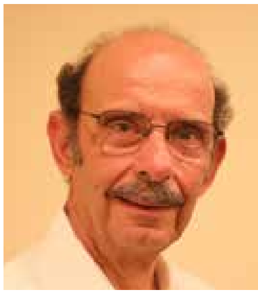
(DIN: 02753145), Joint Managing Director, is an Electrical Engineering Graduate and obtained his Masters in Management Information Systems from Weatherhead School of Management, Cleveland, Ohio, U.S.A. He also secured Master of Business Administration from University of North Carolina, U.S.A. He has worked in the past with Sify Limited in various roles in the Sales organization. Saharsh spent some time with a venture fund focused on Lifesciences in the Research Triangle. He joined Neuland in 2007, with responsibility for initiating the Custom Manufacturing Solutions (CMS) business. He is currently responsible for all Marketing, Business Development activities along with oversight of R&D.

Mr. Humayun Dhanrajgir

(DIN: 00004006), is an Independent Director of our Company. He is a B.Tech. (ChemEng), Loughborough, M.I.CHEM.E(UK), AMP(Harvard) by qualification. He has an experience of over 45 years in the pharmaceutical industry. He has held several senior positions in Glaxo India Ltd, including being the Managing Director and Executive Vice-Chairman and later Managing Director of Kodak India Limited. He is a past President of the Organization of Pharmaceutical Producers of India (OPPI) in the early 90s. Mr. Dhanrajgir is also a Trustee of Breach Candy Hospital Trust, Mumbai. He is a member of the Global Advisory Board of Asian Center for Corporate Governance and Sustainability. He also serves on a few Boards of public companies notably Cadila Healthcare Ltd., Zydus Wellness Ltd, HDFC Asset Management Company Ltd., Emcure Pharmaceuticals Ltd. (Chairman), Next Gen Publishing Co. Ltd. (Chairman). Mr. Dhanrajgir is active in sports and plays golf regularly.

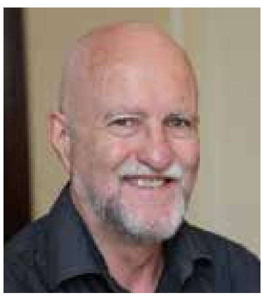
Mr. Parampally Vasudeva Maiya

(DIN: 00195847), is an Independent Director of our Company. He is a Master of Arts by qualification. He had a career of 32 years with the SBI, where he was a General Manager. He was deputed as the Executive Director of SCICI between 1991 and 1993 by the SBI. He then moved on to become the first Managing Director of the ICICI Bank which he set up in 1994. He retired as the Executive Chairman of the bank in 1998. Thereafter he was appointed as the first Managing Director of Central Depository Services (India) Limited, which also he set up and relinquished his post in November 1999. During 2001-03, he was the Government of India Nominee Director on the Board of Indian Bank and around the same period he was also a Chairman of the Board of Trustees of Canbank Mutual Fund. He was shareholder elected Director on the Board of Canara Bank from 2007-13. Presently, besides our Company, Mr. Maiya is an independent director on the Boards of Brigade Enterprises Limited, Ocean Sparkle Limited and BCV Developers Private Limited. Mr.Maiya is a Trustee of Brigade Foundation.



Dr Christopher M. Cimarusti

(DIN: 02872948), is a Non- Executive Director of our Company. He has completed his PhD in Organic Chemistry from Purdue University, USA and his Postdoctoral Research from Columbia University, USA. He has more than 50 years of experience in the field of drug discovery, development and manufacturing. He was awarded more than 60 patents and published more than 40 papers in referred journals.



Dr William Gordon Mitchell

(DIN: 02222567), is an Independent Director of our Company. He completed his PhD from the School of Business Administration of the University of California, Berkeley. He is presently the Anthony S. Fell Chair in New Technologies and Commercialization at the Rotman School of Management of the University of Toronto, where he is academic co-director of the Global Executive MBA for Healthcare and the Life Sciences. Prior to joining the University of Toronto, Will was Professor of Strategic Management at Duke University and the University of Michigan in Ann Arbor. He is on the editorial board of several management journals. His teaching and research interests include corporate strategy, emerging market strategy, and strategy in the global health care sector.

Mrs. Bharati Rao

(DIN: 01892516), is an Independent Director of our Company. Mrs. Rao has over 40 years of experience in the banking and financial sector, having joined State Bank of India, in 1972. Since then she has held both domestic and international positions and titles, covering areas such as project finance, credit and risk management, development of foreign offices, human resources and mergers and acquisitions. She has represented SBI on the boards of various companies and financial institutions as a nominee director and also served as an advisor for Mergers and Acquisitions. Mrs. Rao is also on the Boards of SBICAP Securities Limited, SBI Capital Markets Limited as nominee director and as an independent director on Cholamandalam Investment and Finance Company Limited, Wheels India Limited, SBI Global Factors Limited, Carborandum Universal Limited, Can Fin Homes Limited, Tata Teleservices Limited and Delphi-TVS Diesel Systems. She is also an advisor to Brickworks Ratings Company.

Dr Nirmala Murthy

(DIN: 00734866), is an Independent Director of our company. Dr. Murthy is an Honorary President of the Foundation for Research in Health System, a non – government research organization, which she helped create in 1989. She has a Masters degree in Statistics from Bombay University, India, and a doctorate from the Harvard School of Public Health, Boston, USA. She was a faculty of the Indian Institute of Management, Ahmedabad, in Public Health Management. She is a specialist in Health Information Systems, monitoring & evaluation of Health & Welfare programs. She has designed several management training programs for health care providers working at different levels in the public health system. Currently her work involves using ICT to improve health outcomes among the rural poor. She has published over 50 research papers in journals and books, in the area of her expertise. Currently, she is an advisor and mentor of Foundation for Research in Health Systems (FRHS).

Financial Performance

10 YEAR TRACK RECORD

STANDALONE ₹ in Lacs

STATEMENT OF PROFIT AND LOSS	FY 18	FY 17	FY 16	FY15	FY14	FY13	FY12	FY11	FY10	FY09	FY08
Income	53,370	58,889	51,159	46,993	46,911	46,390	44,993	39,926	28,266	31,726	22,305
EBIDTA	5,457	10,686	8,149	6,715	7,371	6,145	4,835	4,994	2,808	3,614	2,608
Finance Costs	1,892	2,108	2,447	2,735	2,455	3,133	3,327	2,984	2,567	1,436	993
Profit Before Taxes^	1,354	6,655	4,128	2,448	3,422	1,549	18	470	(1,116)	1,441	1,067
Profit After Taxes	1,181	4,638	2,641	1,578	2,667	1,364	203	507	(704)	1,179	1,135
Earning Per Share of ₹ 10	10.59	41.58	29.73	18.47	32.16*	17.84	3.36	9.39	(13.05)	21.85	21.04
Dividend Per Share of ₹ 10	-	-	2.00	1.50	3.00	1.20	-	-	-	3.50	2.50

^ Before Prior Period and Exceptional Items * Adjusted for bonus element of rights issue in accordance with the provisions of AS 20

BALANCE SHEET	FY 18	FY 17	FY 16	FY15	FY14	FY13	FY12	FY11	FY10	FY09	FY08
Networth	55,478	54,277	18,417	15,982	12,260	9,858	7,511	7,313	6,842	7,580	6,868
Loan Funds											
Term Loans	11,938	3,968	4,527	2,884	2,495	5,180	8,678	9,871	12,392	12,524	7,993
Working Capital	19,920	15,108	12,363	14,580	13,662	12,947	12,678	12,982	10,744	7,377	5,322
Others	63	135	1,313	1,312	2,853	3,206	651	522	182	131	94
Fixed Assets	29,163	17,588	17,925	16,454	16,542	17,121	17,844	18,556	19,298	18,332	11,937
Goodwill	27,946	27,946	-	-	-	-	-	-	-	-	-

KEY RATIOS	FY 18	FY 17	FY 16	FY15	FY14	FY13	FY12	FY11	FY10	FY09	FY08
EBIDTA as % of Income	10.22	18.15	15.93	14.29	15.71	13.25	10.75	12.51	9.93	11.39	11.69
Fixed Assets Turnover (No. of Times)^^	3.22	3.77	3.69	3.82	3.58	3.42	2.97	2.52	1.74	2.17	3.73
PBT^ / Income (%)	2.54	11.30	8.07	5.21	7.30	3.34	0.04	1.18	(3.95)	4.54	4.78
PAT / Income (%)	2.21	7.88	5.16	3.36	5.68	2.94	0.45	1.27	(2.49)	3.72	5.09
Return on Capital Employed (%)	4.04	15.92	18.42	15.70	18.82	15.43	11.11	11.35	5.03	12.02	12.10
Return on Net worth (%)	2.15	12.76	15.36	11.18	24.11	15.70	2.74	7.16	(9.77)	16.32	17.69
Debt to Equity	0.58	0.35	0.99	1.17	1.55	2.16	2.93	3.20	3.41	2.64	1.95

^ Before Prior Period and Exceptional Items ^^Excluding Capital Work in Progress

OTHERS	FY 18	FY 17	FY 16	FY15	FY14	FY13	FY12	FY11	FY10	FY09	FY08
Neuland Share Price on BSE (₹ per Share of ₹ 10)*	707.05	1,488.15	700.00	333.00	260.00	93.85	72.90	117.85	100.85	91.05	154.80
No. of Equity Shares (in Lacs)	111.55^	111.55^	88.83	88.83	76.56	76.45	53.96	53.96	53.96	53.96	53.96
Market Capitalisation (₹ in Lacs)	78,871	166,001	62,183	29,581	19,905	7,175	3,934	6,360	5,442	4,913	8,354
Book Value (₹ per Share of ₹ 10)	497.34	486.58	206.93	179.58	160.14	128.95	139.17	135.51	126.77	140.46	127.26

* Based on year-end closing prices quoted in BSE ^ Including equity shares allotted on April 30, 2018, pursuant to the Merger

Note : FY18 and FY17 performance details are based on Post Merger financial statements prepared under IND-AS

Management Discussion & Analysis

The Macro Economic Scenario

The global economic upswing that began around mid-2016 has become broader and stronger. The new World Economic Outlook report projects that advanced economies as a group will continue to expand above their potential growth rates this year and next before decelerating, while growth in emerging market and developing economies will rise before leveling off. World growth strengthened in 2017 to 3.8 percent, with a notable rebound in global trade. It was driven by an investment recovery in advanced economies, continued strong growth in emerging Asia, a notable upswing in emerging Europe, and signs of recovery in several commodity exporters.

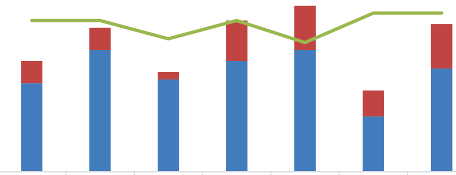
Global growth is expected to tick up to 3.9 percent this year and next, supported by strong momentum, favorable market sentiment, accommodative financial conditions, and the domestic and international repercussions of expansionary fiscal policy in the United States. The partial recovery in commodity prices should allow conditions in commodity exporters to gradually improve.

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF) and it is expected to be one of the top three economic powers of the world over the next 10-15 years, backed by its strong democracy and partnerships. India's GDP is estimated to have increased 6.6 per cent in 2017-18 and is expected to grow 7.3 per cent in 2018-19. India's GDP at constant prices grew by 7.2 per cent in September-December 2017 quarter as per the Central Statistics Organisation (CSO). (Source: IBEF. Link -https://www.ibef.org/download/Pharmaceuticals-March-2018.pdf).

The Pharmaceutical Market

The Global Pharmaceutical industry recorded a revenue of $ 989 Billion in the year 2013 and has been growing steadily to $1.105 Trillion in 2016, and IQVIA estimates that the global spending on medicine might reach $ 1.5 Trillion by 2021.

There has been new momentum at the USFDA as in 2017, CDER (Center for Drug Evaluation and Research) approved 46 novel drugs. Spanning from 2008 through 2016, CDER has averaged about 31 novel drug approvals per year. Drugs designated First-in-Class and those approved to treat patients with rare diseases often have a strong positive impact on patient health 39% were approved to treat rare or "orphan" diseases that affect 200,000 or fewer Americans. Patients with rare diseases often have few or no drugs available to treat their conditions. CDER used at least one expedited development and review method to speed approval for 61% of all novel drugs approved in 2017. We have also seen a record number of ANDA approvals in 2017, which is a boost to the generic side of the business.

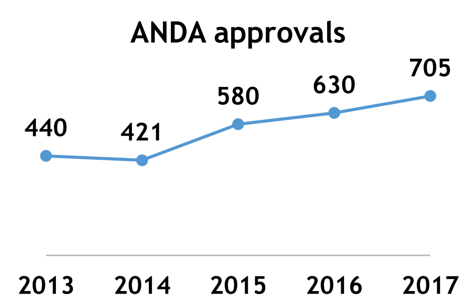


	2011	2012	2013	2014	2015	2016	2017
BLA Approval	6	6	2	11	12	7	12
NDA Approval	24	33	25	30	33	15	28
Filings	41	41	36	41	35	43	43

NDA Approval BLA Approval Filings

Indian Pharmaceutical Industry

The country's pharmaceutical industry is expected to expand at a CAGR of 12.89 per cent over 2015–20 to reach US$ 55 billion. The generics market stood at US$ 26.1 billion in 2016. India's generics market has immense potential for growth. Indian pharmaceutical companies received a record of getting 300 generic drug approvals in USA during 2017 where the generic market is expected to reach US$ 88 billion by 2021. By 2024-25, India's biotech industry is estimated to increase to US$ 100 billion from US$ 11 billion in FY 2015-16.



Source: Drugs@FDA Data Files

Branded generics dominate the pharmaceuticals market, constituting nearly 80 per cent of the market share (in terms of revenues). The sector is expected to generate 58,000 additional job opportunities by the year 2025.

There are many factors which provide India with an advantage when it comes to growth in the pharmaceutical sector. The low cost of production and R&D boosts efficiency of Indian pharma companies resulting in India's cost of production to be approximately 33 per cent lower than that of the US. Further, due to lower cost of treatment, India is emerging as a leading destination for medical tourism and its ability to manufacture high quality, low priced medicines, presents a huge business opportunity for the domestic industry.

India's total exports of pharmaceuticals (APIs, generics and alternative system of medicine) during 2016-17 was $16.84 billion with a negative growth of 0.43%. India's exports in INR terms has recorded a growth of 2.03% and was valued at 112,915 crores during FY-17. India, a predominant player in global generic market has clocked $ 12.7 billion of exports out of a total $ 294 generic market with a growth of 0.42 % during the year 2016-17.

India has a market share of almost 42% of generic market size of Africa and Middle East put together. Region of North America has contributed over 34% to India's pharmaceutical exports and has grown by a 1.25% in FY- 17 which is highest when the data is plotted by regions as shown below

Out of the total market, the US accounts for 35 percent of the market geographically while 25 percent of the total value is likely to be contributed by cardiovascular drug APIs and oncology to be the fastest growing of all the therapeutic segments.

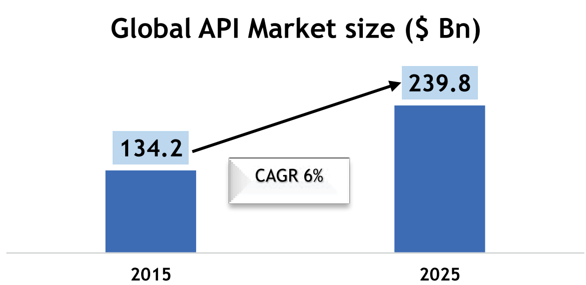
India has become the third largest global generic API merchant market in 2016, with a 7.2 per cent market share, manufacturing more than 500 different APIs. The Indian pharmaceutical industry accounts for the 2nd largest number of Abbreviated New Drug Applications (ANDAs), and is the world's leader in DMFs

Region wise Performance of India's Pharma Exports $ mn					
Region	2014-15	2015-16	2016-17	Change % 2016-17	Contribution % 2016-17
North America	4518	5715	5787	1.25	34.36
Africa	3220	3491	3209	-8.07	19.06
EU	2445	2548	2533	-0.60	15.04
ASEAN	1056	1030	1088	5.59	6.46
LAC	1077	1035	995	-3.80	5.91
Middle East	825	833	828	-0.57	4.92
South Asia	616	636	723	13.73	4.30
CIS	701	613	633	3.22	3.76
Asia Excluding Middle East	512	512	567	10.82	3.37
Oceania	263	294	297	1.00	1.76
Other European Countries	140	137	130	-4.79	0.77
Other America	59	64	48	-24.41	0.29
Others	0	4	1	-76.95	0.01
Grand Total	**15433**	**16912**	**16840**	**-0.43**	**100.00**

Source: Pharmexcil 13th Annual Report, 2017

Active Pharmaceutical Ingredients (APIs)

The global API industry is entering a new growth phase with new regulations to patent expiry and Para IV focus. The sector is experiencing unprecedented growth due to the escalation in market dynamics of competition and consolidation. The API market is estimated to grow at a CAGR of 6% and reach $ 239.8 Billion by 2025.



Source: : API Market Size & Forecast Report 2014 – 2025, Grand View Research

applications filed in the US. Of all the DMFs filed in the USA in the fourth quarter of 2016 and first quarter of 2017, more than half were from India. APIs which are difficult to manufacture, such as steroids, sex hormones and peptides give significant bargaining power to manufacturers compared to generic APIs. Many API manufacturers are also large generic players like Dr. Reddys, Sun Pharma, which have vertically integrated by manufacturing APIs in-house to improve cost efficiency and secure their supply chain.

The role of Indian bulk drug manufacturers in the global pharmaceutical supply chain is gradually evolving with increasing presence in synthesis and manufacture of late-stage intermediates and APIs. Innovator companies have traditionally preferred to perform the final stages of API synthesis in-house or partner with a small group of European suppliers while relying on Indian suppliers for early-stage intermediates. In recent years, as Indian bulk drug manufacturers have gradually begun to offer higher quality APIs coupled with low developments costs and complex synthesis capabilities, innovators have started to source late stage intermediates from India and in some case, have formed partnerships with domestic manufacturers.

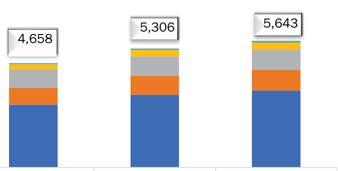
With Chinese API market under pressure due to tightening cGMP, environmental and occupational health regimes leading to reductions in supplies, increased prices, etc., it is anticipated that India may emerge as the most suitable candidate for API supplies.

Owing to Indian government's initiatives towards encouraging the backward integration of domestic firms, support to local manufacturers including cheaper loans for establishing or upgrading facilities, etc., is a welcome move towards a stronger and prospering Indian API market.

Custom Manufacturing Solutions (CMS)

With the advent of multinational pharmaceutical organizations and their rapidly growing presence in the country, the concept of contract manufacturing has steadily evolved and quickly adapted to encompass services such as primary manufacturing of medicinal products, formulation development, stability studies, and various stages of clinical trials. In addition, scale-up of drug syntheses, and late clinical trial studies have also been effective protocols in this sphere.The global CMS is therefore estimated to reach US$ 18 billion in 2018.

FY 16 - 18 Pipeline Analysis



	2015	2016	2017
Reg	15	14	21
Pre-Reg	40	48	52
Phase-III	229	286	311
Phase-II	828	867	905
Phase-I	747	858	927
Pre-clinical	2,799	3,233	3,427

Pre-clinical · Phase-I · Phase-II · Phase-III · Pre-Reg · Reg

Source: Manufacturing Chemist (Title: Small molecules continue to go from Strength to Strength

The CMS space has been ever growing in India owing to the expiring drug patents and low-cost manufacturing base. Indian manufacturers have a significant edge over resources such as manpower, technical knowledge, WHO-GMP approved production facilities, etc., that helps it to achieve 40% lower cost of operations and production over its competing nations. With lesser branded drugs coming off patent in the next couple of years, it is the custom manufacturing business that is expected to gain in the near future to the tune of 17-18% (CAGR)

Company Overview

We are one of the leading pharmaceutical companies with global operations, engaged in the development, manufacturing and marketing of active pharmaceutical ingredients ("APIs") for the generic market and providing custom manufacturing solutions to develop and manufacture APIs on an exclusive basis predominantly for innovators. We are among the few companies globally with in-house capabilities to develop and manufacture peptide APIs

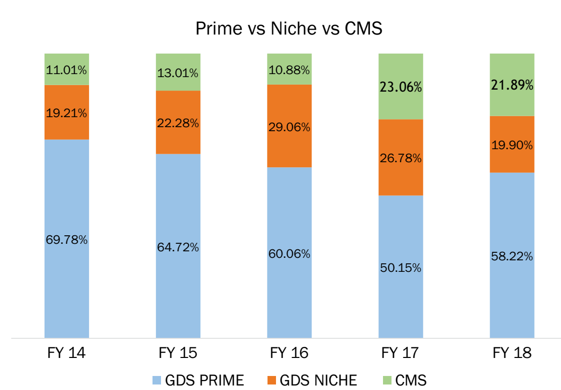
We are headquartered in Hyderabad and have over 34 years of experience in the pharmaceutical sector. Over these three decades our growth has been punctuated by focus on developing capability in selected APIs during the first decade, penetrating the regulated markets in the second and most recently, expansion of our product portfolio with focus on complex APIs in the third.

Neuland's CMS Business develop and manufacture APIs and intermediates for drugs under clinical trials as well as for approved drugs, which are still under patent protection. Leveraging the company's expertise in complex chemistry and 193 experienced and Qualified scientists, Neuland is currently working on 40 live projects in the CMS Business.

The Company's principal strength includes process development, regulatory knowledge, controlled supply chain and online project management. It caters to diverse therapeutic categories including ophthalmic, schizophrenia, vasodilator, fluoroquinolones, iron-chelator, chronic obstructive pulmonary disease, cardiovascular, central nervous system, anti-infectives, antidepressant, antiasthmatics, anti-fungal, anti-ulcerants and antispasmodics.

Business Highlights and Strategy

We intend to focus on improving the revenue share from sale of Niche APIs, as well as from our CMS business. Niche APIs typically carry higher unit price as compared to Prime APIs. We intend to successfully commercialize additional Niche API products. In FY 18 Prime APIs contributed 58.22% whereas Niche APIs contributed 19.90%.



We also intend to strategically increase our focus on our CMS business where we believe there are significant growth opportunities. Our efforts are focused on opportunities which are slightly more advanced in the clinical pipeline, typically phase-2 and phase-3 onwards. In North America, we intend to continue to focus on targeting biotech and venture-backed companies, which is innovation intensive segment. In Japan, we intend to continue to focus on working with the top Japanese companies on both clinical as well as commercial opportunities while in Europe our strategy revolves around mid-sized innovators and contract manufacturing organizations.

We are also in the process of implementing backward integration for key APIs in so far as manufacturing of critical intermediates is concerned. This will enable us to secure supply chain as well as enhance gross margins. The cost of raw materials for producing APIs, especially that of intermediates, has increased over the years. Manufacturing of intermediates for use as raw material for manufacturing APIs has helped us in achieving cost efficiency for our manufacturing process.

Some of the Key highlights of the year FY 18 are:

- Inspections by the USFDA, EDQM & CFDA
- Four DMF's were filed in FY 18 (Paliperidone Palmitate Sterile, Apixaban, Aripiprazole Lauroxil & Rotigotine.
- Acquired a manufacturing Unit of 197 KL capacity for manufacturing key starting materials(KSM) and capacity enhancement to minimize cost.

Review of Financial Performance

Statement of Profit & Loss (₹ lacs)

Particulars	FY 2017-18	FY 2016-17
Income	53,370	58,889
EBIDTA	5,457	10,686
Finance Cost	1,892	2,108
Profit Before Taxes	1,354	6,655
Profit After Taxes	1,181	4,638
Earnings Per Share	10.59	41.58

Balance Sheet (₹ lacs)

Particulars	31 March 2018	31 March 2017
Shareholders' funds	55,478	54,277
Borrowings		
Term Loans	11,938	3,968
Working Capital	19,920	15,108
Others	63	135
Fixed Assets	29,163	17,588
Goodwill	27,946	27,946

Income

The Company registered a topline of ₹ 53,370 lacs compared to ₹ 58,889 lacs, a decrease of 9%.

EBIDTA

The Company's EBIDTA stood at ₹ 5,457 lacs as against ₹ 10,686 lacs in the previous year, a decline of 49%.

Net Profit

During the year, the Company registered profit after tax of ₹ 1,181 lacs compared to ₹ 4,638 lacs of last year.

Borrowings

The increase in borrowings was mainly due to new term loan taken for acquisition of Unit 3 and higher utilization of working capital facilities.

Risk Management

Economic Risk - Fluctuating economic conditions continue to challenge many of the regions in which the Company operates. Company's business from Pharmaceutical clients depends on demand. Sluggish demand due to a slowdown in economic growth is likely to impact future order book. The Company has an active business presence in 85 countries around the world. The Company is also increasing the proportion of revenue from CMS segment which will further curtail the risk.

Foreign Currency Risk - The Company is a net foreign exchange earner which makes it susceptible to foreign currency fluctuation risk. Looking at the broad, long-term trend, the Company uses natural hedges and hedges using PCFC/Bill discounting and keeps its position generally open. The Company reviews its Foreign Currency Risk and evaluates the same on a quarterly basis.

Regulatory Risk - Pharmaceuticals business and that of APIs as such are governed by strict regulations across key geographies and markets. Any non-adherence in complying with respective guidelines or regulations could impact the Company's business adversely. Compliances to these as well as other statutory obligations are deeply ingrained in the work ethos of the Company. The Company works closely with its global strategic partners and keeps itself abreast with latest regulatory changes, as and when they happen. The Company has been stringently following all regulatory compliances. The fact that Neuland recently cleared audits by FDA and EDQM without any observation from authority indicates Company's credibility and reputation as an API supplier.

Delay in Patent expiry - The Company is dependent on generic pharmaceuticals in the API Sector. Any delay in patent expires because of new improvements could impact the Company's prospects. In the last few years Company has optimized and expanded its product mix. The Company's portfolio ensures that delay in expiry of a few patents will not have any drastic impact on the Company.

Competition Risk & other Business Risk - The business of APIs is price competitive. Being a global player, the Company faces competitive risks from not only domestic players but also from other similar companies in other emerging markets. As a general trend, the industry faces a considerable competition with the introduction of new therapies and technologies which allows the rapid erosion of market demand for older products. To counter the risks, the Company maintains a two-pronged strategy with a robust Portfolio Management process. On the one hand, it continues to keep its competitive advantage by the constant innovation of its processes by upgrading the quality and optimizing costs. On the other hand, the Company continues to launch new products and maintains a healthy pipeline of future launches in a therapeutic agnostic manner. In order to keep its profitability despite competitive pressures, the Company moved its product mix towards more of niche high-margin products.

Internal Controls

At Neuland the internal control procedures include internal financial controls, ensuring compliance with various policies, practices and statutes considering the organization's growth and complexity of operations. The framework constantly monitors and assesses all aspects of risks associated with current activities and corporate profile, including scientific and development risks, partner interest risks, commercial and financial risks. In addition, Neuland has management reporting and internal control systems in place, that enable it to monitor performance, strategy, operations, business environment, organization, procedures, funding, risk and internal control. The internal auditors carry out extensive audits throughout the year across all locations and across all functional areas and submit their reports to the Audit Committee. The Company has instituted a legal compliance program, supported by a robust online system that covers the Company's manufacturing units as well. The purview of this system includes various statutes, such as industrial and labour laws, taxation laws, corporate and securities laws and health, safety and environment regulations.

Research and Development

We are focused on undertaking dedicated R&D in areas, which we believe, have significant growth potential. Our R&D operations are focused on developing new APIs and improving the efficiency of our existing products. Through these efforts, we have developed a wide range of APIs for global markets.

We have a state-of-the-art R&D facility situated at Bonthapally, which commenced operations in 2008. It houses 12 chemical development laboratories and fully equipped analytical laboratories with modern analytical instruments including nuclear magnetic resonance (NMR), gas chromatography (GS), inductively coupled plasma mass spectrometry (ICPMS) and high-performance liquid chromatography (HPLC). Our R&D facility is primarily used for new product development, process investigation and development and CMS services. Our R&D facility is recognized by Department of Scientific and Industrial Research, Government of India, as an approved R&D Centre. As of March 31, 2018, we had employed a team of 193 experienced and qualified scientists at our R&D facility.

Certain specific areas of focus for our R&D are:

- development of non-infringing patentable processes for APIs across therapeutic categories;
- development of efficient and cost-effective processes to reduce total variable cost and cycle time for existing products;
- customer specific and exclusive contract research and process development for manufacture of APIs;
- custom synthesis and contract manufacturing;
- development of analytical methods, quality improvement and cost optimization studies;
- creation of intellectual property and international regulatory filings;
- development of peptide APIs for GDS and CMS business.

We continuously invest our resources in developing a robust pipeline of products. In Fiscal 2016, 2017 and 2018, we incurred R&D expenditure of ₹ 1095.2 lacs, ₹ 1392.8 lacs and ₹ 1405.1 lacs, respectively. We utilize analytical methods and accelerated and real-time stability studies, together with a variety of stress stability tests to develop products that are compliant with regulatory requirements. Our R&D team primarily focuses on process improvements, which improve yields, minimize variation and maximise throughput in our operations. With dedicated scientific teams spearheading the development of APIs and other technology intensive projects, the R&D division continues to cater to a wide range of customer needs from early stages of drug discovery to the product launch. Our R&D capabilities have resulted in filing of over 650 DMFs for 75 products and filing of over 178 patent applications, including 51 granted patents, as of March 31, 2018.

Environment, Health & Safety

Neuland is committed to excellence in environment, health and safety (EHS) and believes it is an important pillar of good corporate governance. Environmental protection, prevention of occupational illness and prevention of work injuries is a corporate responsibility. As a responsible corporate citizen, we continuously strive to serve the society through responsibly managing EHS related expectations of internal and external stakeholders. To achieve this, we ensure that all our activities, products and services are carried out considering appropriate EHS related concerns and addressing the same.

EHS stewardship as an integral part of everything the company does to run its business and the company continually evaluates EHS related aspects and risks as part of organizational decision-making process. The EHS division has been set up at the units and at a corporate level. To address the EHS related concerns, your Company has formulated an EHS Policy, which is implemented in a continual and systematic manner through ISO 14001:2004 and BS OHSAS 18001:2007 management systems. EHS Policy communicates collective intentions to all Neulanders in crucial areas of EHS compliance, environment, health, safety, continual improvement and community development. EHS policy acts as a guiding principle for identifying, analyzing and mitigating any environmental impacts and/or safety and health risks arising from our activities, products and services.

During the last year, the Company took additional efforts to ensure that the messages around Health & Safety were clearly communicated to all employees. Towards this end, we had designed a campaign with custom characters reinforcing the essential EHS messages.

At Neuland Employee Health & Safety are of utmost importance. We have a full-fledged occupational health centre with physician, support staff and required infrastructure. The occupational health team is spearheading initiatives like exposure assessment, workplace monitoring, health awareness campaigns and medical surveillance programme aiming to make your Company's work environment comfortable, safe and healthy for employees. Preemployment, periodical and product-specific health checkups have been customized for nature of work to strengthen the Company's medical surveillance program.

Hazard & Operability (HazOp) and Hazard Identification & Risk Assessment (HIRA) studies are carried out for processes and activities to minimize health and safety risks from such processes and operations. seek to identify means and ways to minimize resource consumptions and waste generations. To assess process hazard at the developmental stage, Process Safety Laboratory has set up an R&D centre under Technology Transfer Dept. The process is being tested at different environmental condition & consider least hazard process for operation.From the environmental perspective, while developing processes at R&D, the Company adopts 'Green Chemistry'. Through this method, input materials like various chemicals, solvents, water, energy and process conditions are selected aiming at minimization of potential environmental aspects and safety and health hazards.

The manufacturing units of your Company are equipped with adequate pollution control facilities like Biological Treatment Plant, stripper, multi-effect evaporators, vertical thin film dryer and reverse osmosis facilities. Effluents generated in the Company's facilities are treated in these effluent treatment facilities, and such treated effluents are fully recycled, thus helping to achieve your Company's aim to become Zero Liquid Discharge units

Neuland has implemented co-processing of certain hazardous wastes as fuel substitutes in authorized cement plants in their kilns to support energy resource conservation and reduce greenhouse gas emissions. This beneficial use of hazardous wastes is helping the environment in conserving precious energy resources and reducing greenhouse gas emissions. Regular pollution monitoring is carried out to ensure compliance with permitted norms.

Information Management Systems

Neuland's information technology platform is a key component in offering customers transparency, accountability and reliability while executing their orders. The key components of IT which have been a driver of transperancy is the custom software which allows our CMS customers transparency into how projects are progressing. During the last year, we have incorporated IT into the way Cross-Functional issues are resolved through the development of a module on the intranet and the same has been developed as a mobile app. IT is becoming a more important component of Neuland's operations through deployment of various tools.

At the same time, we are ensuring that gaps in Information Security, if any, are plugged and the organization meets Information Security Management System (ISMS) standards.

Human Resources

Neuland provides a safe and rewarding work environment that attracts and retains good talent. It has been consistently enhancing its employee value proposition in several dimensions including culture, work environment, career development and compensation for existing as well as potential employees. Human Resources department works in partnership with the business to create an enabling environment for employees to deliver sustainable organizational performance, 1133 employees were on the rolls ofthe Company as on March 31, 2018..

Work Environment

Work Environment at Neuland encourages clarity, openness and transparency. Everyone communicates and collaborates in the best possible way to achieve maximum results. We are in the process of institutionalizing 'distributed leadership' for business transformation wherein every employee is empowered to take decisions in their area of operation through an integrated approach. A mobile application has also been created as a part of an online platform which provides employees ease of access for tracking of issues till their resolution and enables faster decision-making.

Talent Acquisition and Leadership Pipeline

The company believes that quality of our talent is the cornerstone to build a robust organization. A dedicated team provides Realistic Job Previews to prospective lateral hires to ensure that there is a minimum gap between role expectations and reality. We also hire fresh talent from institutes of repute and groom them through an intensive Management Trainee/ Engineer Trainee program to build a pipeline of a potential leader. We have has also established a process for measuring and monitoring the quality of our hiring at frequent intervals. An online referral reward platform has been put in place to allows employees to refer the best talent for advertised vacancies and get rewarded in return.

Employee Engagement and Industrial Relations

Employee engagement at the company focuses not only on the Rational engagement but also their Emotional engagement with the workplace. To achieve this, we have established several processes such as Touchpoint, wherein our HR team engages with the newly joined workforce at frequent intervals to handhold them until the time they become an integral part of our work environment. The company encourages fun at work by organizing sports events and cultural events like Children's Day, Ethnic Day, etc., every year for all the employees at all work locations.

The company maintains a very healthy and cordial industrial relations scenario creating a Win-Win situation for employees covered under collective bargaining category through its wage settlement process.

Learning & Development

Your Company believes in being a learning organization. Annual Learning Calendar is drawn-up every year for all employees based on their developmental needs as well as organizational requirements. Level-specific OJT (on the job training program) is organized for new hires to make them productive on-the-job faster.

Outlook

We are confident of our strategic path and actions that are required to actualize the goal we have set for Neuland. We are striving forward with high determination to become the leading pure-play API provider to global industry and thus create sustainable value for the stakeholders.

Directors' Report

The Board of Directors are pleased to present the Company's Thirty Fourth Annual Report and the Company's audited financial statements (standalone and consolidated) for the financial year ended March 31, 2018.

Financial Performance

Pursuant to the notification dated February 16, 2015 issued by the Ministry of Corporate Affairs, the Company has adopted the Indian Accounting Standards ("IndAS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2017. The financial statements for the year ended and as at March 31, 2017 have been restated to conform to IndAS and also the Scheme of Amalgamation. Note 47 to the standalone financial statements provides further explanation on the transition to IndAS.

The Company's financial performance (standalone) for the year ended March 31, 2018 is summarised below:

(₹ in lacs)

Particulars	2017-18	2016-17
Total Income	**53,369.60**	**58,889.32**
Profit before Finance Costs, Depreciation, Amortisation and Tax	**5,456.51**	**10,685.75**
Finance costs	1,892.13	2,107.77
Profit before Depreciation, Amortisation and Tax	**3,564.38**	**8,577.98**
Less: Depreciation & Amortisation	2,210.35	1,922.81
Profit before Tax	**1,354.03**	**6,655.17**
Less: Current tax	422.92	1,012.15
Deferred tax	(249.70)	1,004.62
Profit after Tax	**1,180.81**	**4,638.40**
Add: Other comprehensive income	19.54	16.46
Total comprehensive income for the year	**1,200.35**	**4,654.86**

For the financial year ended March 31, 2018, a Total Income of ₹ 53,369.60 lacs against ₹ 58,889.32 lacs in the previous year.

For the year ended on March 31, 2018, the Company has reported Earnings Before Interest, Finance Cost, Depreciation & Amortization and Tax (EBIDTA) of ₹ 5,456.51 lacs as against the EBIDTA of ₹ 10,685.75 lacs during the previous year.

The Net Profit of the Company for the year 2017-18 was ₹ 1,200.35 lacs compared to ₹ 4,654.86 lacs during the previous year.

Business Review

The fiscal year under review was a challenging one for the industry as well as your Company. While the Company faced certain difficulties due to our customers' forecasts getting impacted due to various business and regulatory dynamics, internally, there were challenges of mismatch in capacities whereby the order mix led to a constraint for certain products while there was free capacity elsewhere. These factors impacted performance in the first half of the year, while in the later half, especially, the fourth quarter we have seen pressure on the raw materials prices, resulting in higher costs. This was compounded by an unanticipated global shortage of key raw materials owing to increased environmental regulatory requirements in China. The Company responded to the challenges by taking mitigating actions which will hold the Company in good stead in the long term. These include the qualification of alternate site for key products, initiating work on backward integration for strategic raw materials and we also added to our capacity by acquiring Unit 3.

While the factors mentioned above did have a significant impact on the performance this year, we have also seen the business development efforts pay off in our CMS business as we started work on a number of new projects and increased the number of live projects.

We have also had increasing traction in terms of generating leads for the peptides business, as a result of the merger these peptide projects will now belong to NLL.

While it was a difficult year both in in terms of financial performance, the Company has taken significant actions where by the Company team is in a better place to drive sustained growth as well as face future challenges.

Amalgamation of Neuland Health Sciences Private Limited and Neuland Pharma Research Private Limited with Neuland Laboratories Limited

During the year under review, the Hon'ble National Company Law Tribunal, Hyderabad bench vide its Order dated March 28, 2018 has approved the Scheme of Amalgamation and Arrangement between Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) and Neuland Laboratories Limited (Transferee Company) and their respective Shareholders and Creditors ("Scheme of Amalgamation"). The appointed date of the Scheme was April 1, 2016.

Acquisition of Manufacturing Facility (Unit 3)

In line with the company's 5-year operating plan, the Company has acquired a manufacturing facility located at Gaddapotharam village, Jinnaram Mandal in Sanga Reddy District, during the year under review. The facility is spread across approximately 12 acres and currently has a capacity of about 197 KL and can be expanded further. It was inspected by the United States Food and Drug Administration (USFDA) in 2015. It is a multi-product facility and has five production blocks for advance intermediate and active pharmaceutical ingredients (API) manufacturing. It also has capabilities for on-site development, analytical method development, quality control laboratory and a pilot plant. The acquisition would provide the requisite capacity for the Company's growth aspiration by serving as a base for strategic backward integration, risk mitigation for existing products, enlarged scope for addition of new products and enables increase of technical capabilities.

The Company expects to commence manufacturing operations in Unit 3 during the fiscal year 2018-19.

Share Capital

The equity shares of your Company continue to be listed and traded on the BSE Limited and National Stock Exchange of India Limited. The paid-up equity share capital as on March 31, 2018 was ₹ 895.49 lacs.

During the year under review, the Company has not issued any shares with differential voting rights nor granted stock options nor sweat equity.

Pursuant to the Scheme of Amalgamation, 45,90,608 equity shares held by Neuland Health Sciences Private Limited (First Transferor Company) in the Company were cancelled and the Company has allotted 68,61,243 equity shares to the shareholders of Neuland Health Sciences Private Limited and Neuland Pharma Research Private Limited (Second Transferor Company) on April 13, 2018. The Paid-up Equity Share Capital as on the date of this report stands at ₹ 1,122.55 lacs.

Further, the Board at its meeting held on April 9, 2018, has subject to the approval of the members, approved issuance of up to 16,75,000 fully paid-up equity shares of a face value of ₹ 10 each of the Company, through Qualified Institutional Placement, in accordance with the provisions of Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and applicable provisions of the Companies Act, 2013 ("the Act") and Rules issued thereunder.

Outlook

The Company is continuing to take steps which will enable the growth of the Generic Drug Substance (GDS) and Custom Manufacturing Solutions (CMS) business. Even as both the branded and generic segments of the pharmaceutical industry are going through challenges, we strongly believe that the Company is in a good position to achieve sustainable long-term growth. We believe that these challenging times pose an opportunity for the Company as it is viewed as a reliable API partner, is resulting in Neuland being viewed as a strategic alternative even by backward integrated formulators. With growing traction in the CMS business, and the Company's investment in peptides being recognized by the industry, the Company is in a good position to drive sustainable long-term growth.

Consolidated Financial Statements

The Audited Consolidated Financial Statements of your Company as on March 31, 2018, which forms part of the Annual Report, have been prepared pursuant to the provisions of SEBI (LODR) Regulations, 2015 and also as per the applicable Indian Accounting Standard (IndAS) on Consolidated Financial Statements (IndAS-110) as notified by the Ministry of Corporate Affairs.

The annual accounts of the subsidiary companies are kept for inspection by any member at the Registered Office of the Company as well as at the Registered Office of the respective subsidiary companies and also available on the website of the Company, www.neulandlabs.com. Any member interested in a copy of the accounts of the subsidiaries may write to the Company Secretary at the Registered Office of the Company.

Subsidiaries

Your Company has two subsidiaries, Neuland Laboratories K.K., Japan and Neuland Laboratories Inc. USA, working on market development. Your Company does not have any joint venture or associate companies. Further there has been no material change in the nature of business of the subsidiaries.

A report on the performance and financial position of the subsidiaries, set out in the prescribed form AOC-1 in terms of proviso to sub section (3) of Section 129 of the Companies Act, 2013, is provided as Annexure to the consolidated financial statements and hence not repeated here.

Documents uploaded on the Website

The following documents are available on the website of the Company (www.neulandlabs.com) in compliance with Companies Act, 2013:

- Unpaid dividend details as per Section 124(2)
- Corporate Social Responsibility Policy as per Section 135(4)(a)
- Financial Statements of the Company and Consolidated Financial Statements along with relevant documents as per third proviso to section 136(1).
- Separate audited accounts in respect of subsidiaries as per fourth proviso to section 136(1)
- Details of vigil mechanism for directors and employees to report genuine concerns as per proviso to section 177(10)
- Policy on Material Subsidiaries
- The terms and conditions of appointment of independent directors as per Schedule VI to the Act.

Research & Development

The Research & Development (R&D) team continues to focus on three critical areas, which are New Product Development, Process Investigations & Development (life cycle management) and absorption of new technology/techniques. In terms of the Generic Drug Substance (GDS) business the team was able to file 4 new USDMFs this year, apart from work on processes for existing products. While on the CMS front, work was initiated on a number of new projects as we added a net of 10 live projects during the fiscal year.

In terms of progress on Peptides, the Company has been in the space for the last 10 years building capabilities, including a dedicated Analytical Research & Development (AR&D) lab. We have been able to further develop our capabilities in terms of Quality by Design, Process Development, Particle Engineering and overall Process Engineering, capitalizing further on the investment we made during the fiscal year 2016-17.

The team is working on integrating enzymatic capabilities, which will further enhance the synergies that we can derive from Unit-3. Considering the progress being made on various fronts, we are confident that the Company's R&D team work is helping steer the company in the right direction and towards the right opportunities.

Environment, Health & Safety

Your Company is committed to excellence in environment, health and safety (**EHS**) and believes it is integral to the company's philosophy. Environmental protection, prevention of occupational illness and prevention of work injuries is a corporate responsibility. As a responsible corporate citizen, your Company continuously strives to serve the society through responsibly managing EHS related expectations of internal and external customers. To achieve this, we ensure that all our activities, products and services are carried out considering appropriate EHS related concerns and addressing the same.

The Company implements the EHS policy in a continual and systematic manner through ISO 14001:2004 and BS OHSAS 18001:2007 management systems. EHS Policy communicates collective intentions to all Neulanders in key areas of EHS compliance, environment, health, safety, continual improvement and community development.

During the last 18 months, we have opened the Process Safety lab in our R&D centre, where processes with any element of risk are replicated at a very miniature scale and simulated so as that we have the safest possible processes for new products.

Your Company takes utmost care of health and safety of all persons working with the Company and is committed to protect health of persons and protect environment and actively seek to identify means and ways to minimize resource consumptions and waste generations. While developing processes at R&D, the Company adopts 'Green Chemistry'. Through this method, input materials like various chemicals, solvents, water, energy and process conditions are selected aiming at minimization of potential environmental aspects and safety and health hazards. To assess process hazard at developmental stage, Process Safety Laboratory has set up in R&D center under Technology Transfer Department. Process is being tested at different environmental condition & consider least hazard process for operation. Once processes are developed, process improvement initiatives are taken up continuously to optimize consumption of raw materials, solvents, water and energy in manufacturing processes to make them sustainable.

On Occupational Health front, your Company operates a full-fledged occupational health Centre with physician, support staff and required infrastructure. The occupational health team is spearheading initiatives like exposure assessment, work place monitoring, health awareness campaigns and medical surveillance programme aiming to make your Company's work environment comfortable, safe and healthy for employees. Pre-employment, periodical and product specific health checkups have been customized for nature of work to strengthen the Company's medical surveillance program.

The manufacturing units of your Company are equipped with adequate pollution control facilities like biological treatment plant, stripper, multi-effect evaporators, vertical thin film dryer and reverse osmosis facilities. Effluents generated in the Company's facilities are treated in these effluent treatment facilities and such treated effluents are fully recycled, thus helping to achieve your Company's aim to become Zero Liquid Discharge units. Your Company has implemented co-processing of certain hazardous wastes as fuel substitutes in authorized cement plants in their kilns to support energy resource conservation and reduce greenhouse gas emissions. This beneficial use of hazardous wastes is helping environment in conserving precious energy resources and reducing greenhouse gas emissions.

Information Management Systems

Your Company's information technology platform is a key component in offering customers transparency, accountability and reliability while executing their orders. The system design and architecture are kept updated and customers are encouraged to track the progress in execution of their orders.

In view of EU-GDPR (European Union-General Data Protection Regulations), which will come into force from May 25, 2018, various initiatives, with respect to review of privacy policy, related procedures, implementation of various safeguards to protect personal data etc., are being undertaken.

Your Company appreciates the importance of intellectual property rights and has put in place procedures to protect intellectual properties. This includes comprehensive user awareness training for Information Security Management System (ISMS) adoption and its adherence followed by internal ISMS audit of all functions.

Corporate Governance Report, Management Discussion & Analysis and Other Information Required under the Companies Act, 2013 and Listing Agreement

As per SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, Corporate Governance Report with Certificate from a Practicing Company Secretary thereon and Management Discussion and Analysis report are attached and form part of this report.

Directors and Key Managerial Personnel

The changes taken place in the key managerial personnel during the financial year 2017-18 and as on the date of this report are as under:

Sl. No.	Name	Designation	Appointment / Cessation	Date of appointment / cessation
1	Mr. Amit Agarwal	Chief Financial Officer	Appointment	22-November-2017
2	Mr. D.Saharsh Rao*	Chief Financial Officer	Cessation	22-November-2017
			Appointment	17-Aug-2017

** Mr.D.Saharsh Rao was given the additional responsibility as the Chief Financial Officer in addition to his role of Joint Managing Director, till a full time Chief Financial Officer has been appointed, with no change in the terms and conditions of his appointment.*

In accordance with the provisions of Section 152 of the Companies Act, 2013, Mr.D.Saharsh Rao shall retire by rotation and being eligible offers himself for re-appointment.

The Board had at its meeting held on May 11, 2018, subject to the approval of the shareholders, re-appointed Mr. D. Sucheth Rao as the Whole Time Director designated as Vice Chairman & Chief Executive Officer of the Company for a further period of 5 years from August 1, 2018. The Board, on the recommendation of the Nomination and Remuneration Committee, has recommended the re-appointment.

Details of the proposal for appointment / re-appointment of Mr.D.Saharsh Rao and Mr.D.Sucheth Rao are mentioned in the Explanatory Statement under Section 102 of the Companies Act, 2013 of the Notice of the 34th Annual General Meeting (AGM). The profile of the Directors for re-appointment is included in the Report on Corporate Governance annexed. Your Board recommends the above appointment / re-appointment of Directors in the best interest of the Company.

Dr.D.R.Rao, Chairman & Managing Director, Mr.D.Sucheth Rao, Vice Chairman & CEO, Mr.D.Saharsh Rao, Joint Managing Director, Mr.Amit Agarwal, Chief Financial Officer and Ms.Sarada Bhamidipati, Company Secretary & Compliance Officer, are the Key Managerial Personnel of the Company as on the date of this Report.

Listing at Stock Exchanges

The equity shares of your Company continue to be listed and traded on the BSE Limited and National Stock Exchange of India Limited. The Annual Listing fee for the year 2018-19 has been paid to both the stock exchanges.

Directors' Responsibility Statement

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your Directors confirm that to the best of their knowledge and belief and according to the information and explanation obtained by them:

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

b. such accounting policies as mentioned in the Notes to the Financial Statements have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the profit of the Company for the year ended on that date;

c. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. the annual financial statements have been prepared on a going concern basis;

e. proper internal financial controls were in place and that the financial controls were adequate and were operating effectively; and

f. systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

Board Meetings

During the year under review, six Board Meetings and five Audit Committee Meetings were convened and held, the details of which are given in the Corporate Governance Report, which forms part of this report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

Composition of Various Committees

Details of various committees constituted by the Board as per the provisions of Companies Act, 2013 and SEBI (LODR) Regulations, 2015 and their meetings are given in the Corporate Governance Report which forms part of this report.

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015, the Board has carried out an evaluation of the directors as well as the evaluation of the Board and its Committees. The process was carried out by circulating questionnaires on the Board and Committees functioning on certain parameters. The performance evaluation of the independent directors was carried out by the entire Board, except the director being evaluated. The performance evaluation of the non-Independent Directors including Executive Directors was carried out by the Independent Directors.

Independent Directors

The Independent Directors met on March 22, 2018 without the presence of Non-Independent Directors and members of the management. The Independent Directors discussed matters pertaining to the Company's affairs and reviewed the performance of Non-Independent Directors, the Chairman and the Board as a whole, and assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence prescribed under the Act and the Listing Regulations.

Disclosures by Directors

None of the Directors of your Company is disqualified as per provisions of Section 164(2) of the Companies Act, 2013. Your Directors have made necessary disclosures to this effect as required under Companies Act, 2013.

Audit Committee

The composition of the Audit Committee and its terms of reference are included in the Report on Corporate Governance annexed. All the recommendations made by the Audit Committee were accepted by the Board of Directors.

Nomination and Remuneration Committee

The details of the Nomination and Remuneration Committee are set out in the Report of Corporate Governance, forming part of this Report.

Your Company has a Nomination and Remuneration Policy as required under section 178 of the Companies Act, 2013, for selection and appointment of Directors, Key Managerial Personnel, Senior Management and their remuneration.

Remuneration Policy

The policy for remuneration of Directors, Key Managerial Personnel and Senior Management Personnel is set out as an Annexure in the Corporate Governance Report, which forms part of this Report.

Your Company's Policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under section 178(3) of the Act are covered in the Corporate Governance Report which forms part of this Report.

Code of Conduct for Directors and Senior Management

The Directors and members of Senior Management have affirmed compliance with the Code of Conduct for Directors and Senior Management of the Company. A declaration to this effect has been signed by the Chairman & Managing Director and forms part of the Annual Report.

Vigil Mechanism

Your Company has a vigil mechanism to deal with instances of fraud and mismanagement, if any. The Whistle Blower Policy enables reporting of unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy, to the management. The Vigil mechanism also ensures strict confidentiality is maintained and provides adequate safeguards against victimization of employees who avail of the mechanism and also provided for direct access to the Chairman of the Audit committee in exceptional cases.

Prevention of Insider Trading

The Company has adopted (i) Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Insiders and (ii) Code of Fair Disclosures with a view to serve as a guiding charter for all concerned persons associated with the functioning of the Company pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015. The Company Secretary & Compliance Officer is responsible for implementation of the Code.

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

Your Company is committed to ensure that there is no scope for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder.

The Company has not received any complaints on sexual harassment during the year under review.

Employee Stock Option Scheme

As on March 31, 2018, no employee stock options available in the Company and hence no disclosures are required to be made under Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ('the Regulations').

Statutory Auditors

The financial statements have been audited by Walker Chandiok & Co LLP (ICAI Firm's Registration No. 001076N/N500013), Chartered Accountants, Statutory Auditors of the Company.

Pursuant to the notification dated May 7, 2018 issued by Ministry of Corporate Affairs, the requirement of seeking ratification of appointment of statutory auditors by members at each AGM has been done away with. Accordingly, no such item has been considered in notice of the 34th AGM.

Auditors' Report

There are no qualifications, reservations or adverse remarks made by Walker Chandiok & Co LLP, Statutory Auditors, in their report for the financial year ended March 31, 2018.

Pursuant to provisions of Section 143(12) of the Companies Act, 2013, the Statutory Auditors have not reported any incident of fraud to the Audit Committee during the year under review.

Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s.P.S.Rao & Associates, a firm of Company Secretaries in Practice, to conduct the Secretarial Audit of the Company. The report of the Secretarial Audit for the financial year ended March 31, 2018 is annexed to the Corporate Governance Report and forms part of this report. There are no qualifications, reservations or adverse remarks made by the Secretarial Auditor in their report.

Cost Auditors

Pursuant to Section 148 of the Companies Act,2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, subject to the approval of the Central Government, if any required, the Audit Committee has recommended and the Board of Directors had appointed M/s. Nageswara Rao & Co. (Registration No. 000332), Cost Accountants, Hyderabad, being eligible and having sought re-appointment, as Cost Auditors of the Company, to carry out the cost audit of the products manufactured by the Company during the financial year 2018-19.

Insurance

Your Company has taken necessary steps to mitigate risks and obtained appropriate insurances and the Board is kept appraised of the risk assessment and minimization procedures. The assets of the Company have been adequately covered under insurance. The policy values have been determined taking into consideration the value of the assets of the Company.

Material Changes

There have been no material changes and commitments affecting the financial position of the Company between the end of the financial year of the Company to which the financial statements relate and the date of the report. Further, it is hereby confirmed that there has been no change in the nature of business of the Company.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule, 8 of The Companies (Accounts) Rules, 2014, is annexed herewith as Annexure 1.

Extract of Annual Return

Pursuant to Section 92(3) and Section 134(3)(a) of the Companies Act, 2013, extract of the Annual Return as on March 31, 2018 in form MGT-9 is enclosed as Annexure 2 to this report.

Particulars of Employees and related disclosures

The information relating to remuneration and other details as required pursuant to Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, is provided as an Annexure 3 to this report.

In terms of the provisions of Section 197 of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided in the Annual Report, which forms part of this Report.

Pursuant to the provisions of the first proviso to Section 136(1) of the Act, the Annual Report is being sent to the members and other persons entitled thereto, excluding the information in respect of employees of the Company containing the particulars as specified in Rule 5 (2) of the said Rules. The said information is available for inspection on all working days, during business hours, at the Registered Office of the Company up to the date of the ensuing Annual General Meeting. Any member interested in obtaining such information, may write to the Company Secretary and the same will be furnished on request.

Related Party Transactions

All contracts / arrangements / transactions entered into by the Company during the financial year with related parties were in the ordinary course of business and at an arm's length basis.

During the year, the Company has not entered into any material contract or arrangements with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions. There were no materially significant related party transactions which could have potential conflict with interest of the Company at large.

The Policy on Materiality of Related Party Transactions and on dealing with Related Party Transactions as approved by the Board may be accessed on the Company's website, www.neulandlabs.com.

The particulars of transactions with related parties in the prescribed format is annexed to this report, as Annexure 4. Members may refer to Note 39 to the standalone financial statement which sets out related party disclosures pursuant to Ind AS.

Particulars of Loans, Guarantees and Investments

The Company has not given any loans and guarantees or made any investments under Section 186 of the Act during the year under review.

Deposits from Public

The Company has not accepted any deposits from the public and as such no amount of principal or interest on deposits from the public was outstanding as on the date of the Balance Sheet.

Significant and Material Orders passed by the Regulators or Courts

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

Risk Management

The Board oversees Company's processes for determining risk tolerance and review management's action and comparison of overall risk tolerance to established levels. The framework is designed to enable risks to be identified, assessed and mitigated appropriately. Major risks identified by the businesses and functions are systematically addressed through appropriate actions on a continuous basis. For details, please refer to the Management Discussion and Analysis report which forms part of this Report.

Internal Financial Controls

Internal Financial Controls are an integrated part of the risk management process, addressing financial and financial reporting risks. The internal financial controls include have been embedded and documented in the business processes. The controls in place include essential components of internal financial controls required under the Companies Act, 2013 and also the internal financial controls over financial reporting as per the Guidance Note on Audit of Internal Controls over Financial Reporting as issued by Institute of Chartered Accountants of India.

Assurance on the effectiveness of internal financial controls is obtained through management reviews, continuous monitoring by functional owners as well as testing of the internal financial control systems by the internal auditors during the course of their audits. We believe that these systems provide reasonable assurance that our internal financial controls are designed effectively and are operating as intended.

The Company has in place adequate internal financial controls with reference to financial statements. During the year under review such controls were tested and no reportable material weakness in the design or operation were observed.

Corporate Social Responsibility

The Company has formulated a Corporate Social Responsibility Policy (CSR Policy) which is available on the website of the Company at www.neulandlabs.com. The Company has initiated CSR activities as per the CSR Policy and such activities are as per Schedule VII to the Companies Act, 2013. Annual report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 has been appended as Annexure 5 and forms an integral part of this Board's Report.

Human Resources & Industrial Relations

Your Company's relations with its employees continue to be cordial. Dedicated work by the workmen, supervisors and executives of your Company made it possible to achieve success under trying and difficult circumstances.

Acknowledgement

The Board of Directors would like to place on record its sincere appreciation for the continued support and guidance received from the Banks, Financial Institutions, Statutory and Regulatory Authorities, Ministry of Corporate Affairs, Stock Exchanges and Depositories for their continued support and guidance. The Board places on record its appreciation to the Shareholders of the Company for their continued support and to its valued customers for their continued patronage. The Board of Directors also wish to place on record its deep sense of appreciation for the committed services by the Company's executives, staff and workers.

For and on behalf of the Board

Sd/-
Dr. Davuluri Rama Mohan Rao
Chairman & Managing Director
(DIN: 00107737)

May 11, 2018, Hyderabad

ANNEXURE - 1
FORM - A

Disclosure of particulars with respect to conservation of energy (to the extent applicable)

A. Power & Fuel Consumption

			2017-18	2016-17
1.	Electricity			
	a.	Purchased		
		Unit in lacs (kWh)	239	251
		Total Amount (₹ in lacs)	1,741	1,579
		Rate/Unit (₹/kWh)	7.28	6.30
	b.	Own generation (Unit in lacs) kWh	5.2	5.0
		(Through Diesel Generator)		
		Units per litre of Diesel Oil	3.00	2.92
		Cost/Unit (₹/kWh)	20.95	19.96
2.	Coal			
	Quality "C" Grade used in Steam Boiler			
	Quantity (Tonnes)		11,902	11,975
	Total cost (₹ in lacs)		775	930
	Average rate (₹/Tonne)		6,513	7,764

B. Consumption per Unit of Production Electricity (Units) & Coal (in Tonnes)

Since the Company manufactures different types of bulk drugs and its intermediates, it is not practicable to give consumption per unit of production.

FORM - B

Research and Development

a. Specific areas in which R&D was carried out by your Company

i. Development of non-infringing patentable processes for active pharmaceutical ingredients in the therapeutic categories of anti-asthmatic, Vasodilator, anti-fungal, Haemostatic, anti-glaucoma, anti-hyperlipoproteinemic, anti-hypertensive, antipsychotic, antiemetic, anti-Parkinson, anti-depressant, benign prostatic hyperplasia, antibacterial, anti- Alzheimer and anti-coagulant.

ii. Development of efficient and cost-effective processes (Life cycle management) to reduce total variable cost and cycle time for existing products within the scope of DMF.

iii. Development of analytical methods and their validations.

iv. Generation of intellectual property and international regulatory filings.

v. Study of impurity profiles, synthesis including metabolites of active pharmaceutical ingredients.

vi. Evaluation of genotoxic impurities and their control in active pharmaceutical ingredients.

vii. Development of analytical methods for genotoxic impurities quantification.

b. Benefits derived as a result of the above:

i. The above research has resulted in commercializing/ scaling up of a number of products.

ii. Life cycle management of the existing manufacturing processes for APIs (anti-hypertensive, anti-bacterial, anti-ulcer etc.) resulted in lower production costs, reduced cycle times, and customer retention.

iii. Developed process for deuterated API's. Process validation done for deuterated API's and Neuland is supporting the clients in filing NDA and other regulatory requirements. The technology developed for these deuterated compounds is novel, unique and will be supplied to a major pharma Company.

iv. Added potent vitamin D3 derived API's in the Company's Contract Manufacturing portfolio.

v. During the financial year 2017-18, CMS division has worked on 17 projects. Most of the project deliverables are route feasibility / scouting / development / plant scale-ups for molecules which belong to different therapeutic categories (Anti-tuberculosis, Anti-viral, Ophthalmology etc.) which indicate that Neuland has expertise and can handle variety of therapeutic segment molecules.

vi. During the financial year 2017-18, Neuland has secured the grants of 8 process patents for 5 API molecules and 2 technology related patents in various geographies (USA, India, China & Validated in major Europe countries).

vii. Neuland has filed 11 patent applications of which 7 were in India, 2 were in PCT, 1 in US and 1 in EP for the FY 2017-18.

viii. The Company has filed 4 USDMFs and 3 CEPs during FY 2017-18

c. Future plan of action:

i. To develop processes for new bulk drugs of various therapeutic categories identified after an extensive analysis of the market and development of cost-effective processes for the existing products.

ii. Undertake more of custom manufacturing projects

iii. Implementation of QBD during in process development

iv. To file 8-10 DMFs/CEPs every year

v. Identified 7 new products for development in 2017-18

vi. To expand collaboration and development in enzymatic research.

d. Expenditure on R&D

(₹ in lacs)

	2017-18	2016-17
Capital	366.43	84.45
Recurring	1,405.07	1,392.76
Total	**1,771.50**	**1,477.21**

Technology Absorption, Adaptation and Innovation

a. The technologies developed by R&D division of the Company towards the quality and yield improvement of existing products and also development of technology for new bulk drugs have been commercialized and adopted by the manufacturing facility of the Company.

b. In case of improved technology (imported during the last 5 years reckoned from the beginning of the financial year), the following information may be furnished.

   a. Technology imported : Nil

   b. Year of import : Nil

   c. Has technology fully been absorbed : Nil

   d. If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of actions : Nil

Technology Transfer

The Process Engineering Lab (PE Lab) has the following capabilities:

For Process safety and Process optimization studies:

- Thermal screening unit
- Reaction calorimeter
- Parallel synthesizer

For Particle Engineering studies:

- Multimill
- Spray dryer
- Fluidized bed dryer
- Compaction (Available at U-2)
- Sono-crystallization (Tie-up with NIIT Warangal)
- Air Jet mill/ Micronizer (Fluid-Air & Nitrogen)
- With Oxygen content analyser & Alarm during Oxygen deficiency
- Stability data generation for micronized API

Technology upgradation / Innovation / Patent filing

- Patent filed for improved process for the preparation of Lacosamide (stage-1) by using continuous stirred tank reactors.
- Patent filed for the preparation of Apixaban Polymorphic Form N-1 with Particle Size Diameter D90 > 100 µm
- To meet customer requirement for Sotalol HCl-Trial conducted @ M/s Russell finex on ultrasonic vibro sifter & trial succeeded 100%
- Developed crystallization pattern and completed validation batches at plant scale successfully for Apremilast stage-6.
- QbD-DoE approach developed for niche new GDS Product stage 1

Foreign Exchange Earnings and Outgo

Foreign exchange earned in terms of actual inflows and foreign exchange outgo in terms of actual outflows during the year ended March 31, 2018:

- Foreign exchange earned in terms of actual Inflows ₹ 39,438.09 lacs.
- Foreign exchange outgo in terms of actual Outflows ₹ 10,020.18 lacs.

For and on behalf of the Board

Sd/-
Dr. Davuluri Rama Mohan Rao
Chairman & Managing Director
(DIN: 00107737)

May 11, 2018, Hyderabad

ANNEXURE - 2
Form No. MGT-9
EXTRACT OF ANNUAL RETURN as on the financial year ended on March 31, 2018

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

I. REGISTRATION AND OTHER DETAILS:

a.	CIN	:	L85195TG1984PLC004393
b.	Registration Date	:	07.01.1984
c.	Name of the Company :	:	Neuland Laboratories Limited
d.	Category / Sub-Category of the Company:	:	Company limited by shares
e.	Address of the Registered office and contact details	:	Sanali Info Park, 'A' Block, Ground floor, 8-2-120/113, Road No.2, Banjara Hills, Hyderabad – 500 034. Tel: 040 – 30211600 Fax: 040 - 30211602 E-mail: ir@neulandlabs.com
f.	Whether listed company	:	Yes
g.	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 Tel: 91 40 67162222 Fax: 91 40 23001153 email: einward.ris@karvy.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: -

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
1	Neuland Health Sciences Private Limited	U73100TG1993PTC015554	Holding	51.67%	2(46)
2	Neuland Laboratories K.K., Japan	Not applicable	Subsidiary	100%	2(87)
3	Neuland Laboratories Inc., USA	Not applicable	Subsidiary	100%	2(87)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of total Equity)

(i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year i.e., March 31, 2017				No. of Shares held at the end of the year i.e., March 31, 2018				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
(a) Individual / HUF	940	0	940	0.01	940	0	940	0.01	0.00
(b) Central Government	0	0	0	0	0	0	0	0	0.00
(c) State Government(s)	0	0	0	0	0	0	0	0	0.00
(d) Bodies Corporate	45,90,608	0	45,90,608	51.67	45,90,608	0	45,90,608	51.67	0.00
(e) Banks / FI	0	0	0	0	0	0	0	0	0.00
(f) Any other	0	0	0	0	0	0	0	0	0.00
Sub – total(A)(1)	45,91,548	0	45,91,548	51.68	45,91,548	0	45,91,548	51.68	0.00
(2) Foreign									
(a) NRIs – Individuals	200	0	200	0.00	200	0	200	0.00	0.00
(b) Other - Individuals	0	0	0	0	0	0	0	0	0.00
(c) Bodies Corporate	0	0	0	0	0	0	0	0	0.00
(d) Banks / FI	0	0	0	0	0	0	0	0	0.00
(e) A ny other	0	0	0	0	0	0	0	0	0.00
Sub – total(A)(2)	200	0	200	0	200	0	200	0	0.00
Total shareholding of promoter (A) = (A)(1) + (A)(2)	45,91,748	0	45,91,748	51.68	45,91,748	0	45,91,748	51.68	0.00
B. Public Shareholding									
(1) Institutions									
(a) Mutual Funds	6,77,008	400	6,77,408	7.62	4,38,945	400	4,39,345	4.95	(2.67)
(b) Banks / FI	3,487	500	3,987	0.04	16,110	500	16,610	0.19	0.15
(c) Central Government	0	0	0	0	0	0	0	0	0.00
(d) State Government(s)	0	0	0	0	0	0	0	0	0.00
(e) Venture capital funds	0	0	0	0	0	0	0	0	0.00
(f) Insurance companies	0	0	0	0	0	0	0	0	0.00
(g) FIIs	0	0	0	0		0	0	0	0.00
(h) Foreign Venture capital funds	0	0	0	0	0	0	0	0	0.00
(i) Others	7,23,896	0	7,23,896	8.15	6,69,694	0	6,69,694	7.54	(0.61)
Sub – total(B)(1)	14,04,391	900	14,05,291	15.81	11,24,749	900	11,25,649	12.68	(3.13)
(2) Non - Institutions									
a. Bodies Corporate									
i. Indian	4,38,867	2,151	4,41,018	4.96	5,33,434	1,151	5,34,585	6.02	1.06
ii. Overseas	100	0	100	0.00	0	100	100	0.00	0.00

Category of Shareholders	No. of Shares held at the beginning of the year i.e., March 31, 2017				No. of Shares held at the end of the year i.e., March 31, 2018				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b. Individuals									
i. Individuals holding nominal share capital upto ₹ 1 lakh	14,31,107	91,546	15,22,653	17.14	17,75,358	86,969	18,62,327	20.96	3.82
ii. Individuals holding nominal share capital in excess of ₹ 1 lakh	7,01,232	30,280	7,31,512	8.23	5,55,093	30,280	5,85,373	6.59	(1.64)
c. Others	1,51,332	40,600	1,91,932	2.16	1,43,872	40,600	1,84,472	2.08	(0.08)
Sub – total(B)(2)	27,22,638	1,64,577	28,87,215	32.50	30,07,757	1,59,100	31,66,857	35.64	3.14
Total Public Shareholding (B)=(B)(1)+ (B)(2)	41,27,029	1,65,477	42,92,506	48.32	41,32,506	1,60,000	42,92,506	48.32	0.00
Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0.00
Grand Total (A+B+C)	87,17,677	1,65,477	88,84,254	100	87,24,254	1,60,000	88,84,254	100	0.00

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year i.e., March 31, 2017			Shareholding at the end of the year i.e., March 31, 2018			% change in share-holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Neuland Health Sciences Pvt. Ltd.	45,90,608	51.67	2.25	45,90,608	51.67	2.25	0.00
2	Davuluri Rama Mohan Rao	116	0.00	0.00	116	0.00	0.00	0.00
3	Davuluri Vijaya Rao	116	0.00	0.00	116	0.00	0.00	0.00
4	Davuluri Sucheth Rao	116	0.00	0.00	116	0.00	0.00	0.00
5	Davuluri Saharsh Rao	116	0.00	0.00	116	0.00	0.00	0.00
6	Davuluri Rohini Niveditha Rao	116	0.00	0.00	116	0.00	0.00	0.00
7	Gannabathula Venkata Krishna Rama Rao	120	0.00	0.00	120	0.00	0.00	0.00
8	Gannabathula Subbayamma	120	0.00	0.00	120	0.00	0.00	0.00
9	Gannabathula Veeravenkata Satyanarayanamurty	120	0.00	0.00	120	0.00	0.00	0.00
11	Velugubanti S Prasadarao	100	0.00	0.00	100	0.00	0.00	0.00
12	Suryanarayana M Siram	100	0.00	0.00	100	0.00	0.00	0.00
	Total	**45,91,748**	**51.68**	**2.25**	**45,91,748**	**51.68**	**2.25**	**0.00**

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

- There is no change in Promoters' shareholding during the financial year 2017-18.

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

Sl. No.	For each of the top 10 Shareholders	Shareholding at the beginning of the year i.e., March 31, 2017		Change in shareholding during the year		Shareholding at the end of the year i.e., March 31, 2018	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	SBI Pharma Fund	2,60,000	2.93	(10,000)	0.11	2,50,000	2.81
2.	Malabar India Fund Limited	2,20,965	2.49	(3,054)	0.03	2,17,911	2.45
3.	L & T Mutual Fund Trustee Ltd-L and T India Value Fund	2,15,198	2.42	(26,253)	0.30	1,88,945	2.13
4.	ICG Q Limited	1,48,000	1.67	0	0	1,48,000	1.67
5	Infina Finance Private Ltd	35,524	0.40	81,651	0.92	1,17,175	1.32
6.	Mukul Agrawal Asha Agrawal	6,712	0.08	73,288	0.82	80,000	0.90
7.	Malabar Value Fund	42,000	0.47	37,941	0.43	79,941	0.90
8.	Universal Golden Fund*	0	0	0	0	73,264	0.82
9.	Lacuna - Adamant Asia Pacific Health*	0	0	0	0	72,800	0.82
10.	Sankaranarayanan Sangameswaran	58,338	0.66	10,000	0.11	68,338	0.77

* The above details are given as on March 31, 2018. The Company is listed, and 98.20% shareholding is in dematerialized form. Hence, it is not feasible to track movement of shares on daily basis. Further, Company has not allotted/transferred or issued any bonus or sweat equity shares during the year.

(v) Shareholding of Directors and Key Managerial Personnel:

Sl.No.	Name	Shareholding at the beginning of the year i.e., March 31, 2017		Shareholding at the end of the year i.e., March 31, 2018		% change in share-holding during the year
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company	
A. DIRECTORS						
1	Dr. Davuluri Rama Mohan Rao	116	0.00	116	0.00	0.00
2	Mr. Davuluri Sucheth Rao	116	0.00	116	0.00	0.00
3	Mr. Davuluri Saharsh Rao	116	0.00	116	0.00	0.00
4	Mr. Humayun Dhanrajgir	3,286	0.03	3,286	0.03	0.00
5	Mr. P.V. Maiya	2,000	0.02	2,000	0.02	0.00
6	Mrs. Bharati Rao	0	0.00	0	0.00	0.00
7	Dr. Nirmala Murthy	0	0.00	0	0.00	0.00
8	Dr. Christopher M Cimarusti	0	0.00	0	0.00	0.00
9	Dr. Will Mitchell	0	0.00	0	0.00	0.00
B. KEY MANAGERIAL PERSONNEL (KMPs other than MD/WTD)						
1	Mr. Amit Agarwal Chief Financial Officer	0	0.00	0	0.00	0.00
2	Ms. Sarada Bhamidipati Company Secretary & Compliance Officer	0	0.00	0	0.00	0.00

Note: There is no change in the Directors and Key Managerial Personnel shareholding during the financial year 2017-18.

INDEBTEDNESS

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

(₹ in lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	19,210.50	1,200.00	-	20,410.50
ii) Interest due but not paid	0.34	-	-	0.34
iii) Interest accrued but not due	16.98	-	-	16.98
Total (i+ii+iii)	**19,227.82**	**1,200.00**	**-**	**20,427.82**
Change in Indebtedness during the financial year				
· Addition (Net)	12,697.50	-	-	12,697.50
· Reduction (Net)	-	(1,200)	-	(1,200)
Net Change	12,697.50	(1,200)	-	11,497.50
Indebtedness at the end of the financial year				
i) Principal Amount	31,911.50	-	-	31,911.50
ii) Interest due but not paid	8.98	-	-	8.98
iii) Interest accrued but not due	4.84	-	-	4.84
Total (i+ii+iii)	**31,925.32**	**-**	**-**	**31,925.32**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

SI. No.	Particulars of Remuneration	Name of MD/WTD			Total Amount (₹ lacs)
		Dr.D.R. Rao	Mr.D.Sucheth Rao	Mr.D. Saharsh Rao	
1.	Gross salary				
	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	39.53	32.96	32.96	105.45
	Value of perquisites u/s 17(2) Income-tax Act, 1961	6.34	5.26	5.26	16.86
	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
	as % of profit	0.00	0.00	0.00	0.00
	Others	-	-	-	-
5.	Others - Provident Fund	14.13	11.78	11.78	37.69
	Total (A)	**60.00**	**50.00**	**50.00**	**160.00**
	Ceiling as per the Act	161.07			

B. Remuneration to other directors:

SI. No.	Particulars of Remuneration	Name of the Directors						₹ lacs
1.	Independent Directors	Mr. Humayun Dhanrajgir	Mr. P.V. Maiya	Mrs. Bharati Rao	Dr. Will Mitchell	Dr.Nirmala Murthy	Dr. Christopher M. Cimarusti	
	Fee for attending board /committee meetings	6.90	6.70	4.70	3.40	5.40		27.10
	Commission	2.50	2.50	2.50	2.50	2.50	-	12.50
	Others	-	-	-	-	-	-	-
	Total (1)	**9.40**	**9.20**	**7.20**	**5.90**	**7.90**	**-**	**39.60**
2.	Other Non-Executive Directors							
	Fee for attending board committee meetings	-	-	-	-	-	3.20	3.20
	Commission	-	-	-	-	-	2.50	2.50
	Others	-	-	-	-	-	-	-
	Total (2)	**-**	**-**	**-**	**-**	**-**	**5.70**	**5.70**
	Total (B)=(1+2)	**9.40**	**9.20**	**7.20**	**5.90**	**7.90**	**5.70**	**45.30**
	Total Managerial Remuneration (A+B)							**205.30***
	Overall Ceiling as per the Act	177.17						

* Note: Total remuneration to Managing Director, Whole-Time Directors and other Directors (including Sitting fees of ₹ 30.30 lacs)

C. *Remuneration to key managerial personnel other than MD/Manager/WTD*

SI. No.	Particulars of Remuneration	Key Managerial Personnel*		₹ lacs
		Chief Financial Officer	Company Secretary	
1.	Gross salary			
	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	31.18	20.38	51.56
	Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	
	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	as % of profit	-	-	-
	Others	-	-	-
5.	Others: Provident Fund	1.35	0.79	2.14
	Total (A)	**32.53**	**21.17**	**53.70**
	Ceiling as per the Act	N.A.		

* Other Key Managerial Personnel information included in Table A above.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
Company, Directors & Other Officers in Default					
Penalty	NIL				
Punishment					
Compounding					

ANNEXURE - 3
Particulars of Remuneration

Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

The information required under Section 197 of the Act and the Rules made there-under, in respect of employees of the Company, is follows:

i. the ratio of the remuneration of each director to the median remuneration of the employees of the company and percentage increase in remuneration of for the financial year

Name of the Directors & Key Managerial Personnel	Ratio of remuneration to median remuneration of employees	% increase[1]/decrease in remuneration over previous year
Dr.D.R.Rao. *(Chairman & Managing Director)*	14.29	(63.22)
Mr.D. Sucheth Rao *(Vice-Chairman & CEO)*	11.90	(64.63)
Mr.D. Saharsh Rao *(Joint Managing Director)*	11.90	(61.69)
Mr. Humayun Dhanrajgir *(Non-Executive Director)*	2.24	25.33
Mr.P.V. Maiya *(Non-Executive Director)*	2.19	5.75
Dr. Will Mitchell *(Non-Executive Director)*	1.40	(7.81)
Dr. Christopher M. Cimarusti *(Non-Executive Director)*	1.36	(12.31)
Mrs. Bharati Rao *(Non-Executive Director)*	1.71	4.35
Dr Nirmala Murthy *(Non-Executive Director)*	1.88	29.51
Mr. Amit Agarwal[2] *(Chief Financial Officer)*	7.75	N.A.
Ms. Sarada Bhamidipati *(Company Secretary & Compliance Officer)*	5.04	35.79[3]

[1] *Increase in the remuneration paid to non-executive directors, if any, reflects increase in sitting fees paid and the number of meetings held and attended as compared to previous year.*

[2] *appointed on November 22, 2017.*

[3] *includes one-time bonus payment.*

ii. the median remuneration of the employees has increased by 11%.

iii. the number of permanent employees on the rolls of company as on March 31, 2018 was 1133.

iv. Average percentile increases already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Increase in remuneration is based on remuneration policy of the Company.

v. The Company affirms that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and Employees.

vi. The statement containing particulars of employees as required under section 197[12] of the Act read with Rule 5[2] of the Companies [Appointment and Remuneration of Managerial Personnel] Rules, 2014, is provided in a separate annexure forming part of this report. Further, the report and the accounts are being sent to the members excluding the aforesaid annexure. In terms of section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company during business hours on working days of the Company up to the date of the forthcoming Annual General Meeting. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

ANNEXURE - 4
FORM NO. AOC - 2

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

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

1. **Details of contracts or arrangements or transactions not at Arm's length basis.**

   There were no contracts or arrangements or transactions entered into during the year ended March 31, 2018, which were not at arm's length basis.

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

Name of the Related party	Nature of relationship	Duration of contract	Salient terms	Amount (₹ Lacs)
Mrs. Vijaya Rao	Relative of KMP	5 years from July 1, 2014 – Ongoing	Refer Note 1	65.37
Dr. Christopher M Cimarusti	Non executive Non Independent Director (Office of place of profit)	5 years from August 12, 2016- Ongoing	Refer Note 2	3.87

Note 1: The Company had entered into three separate Lease agreements with Mrs. Vijaya Rao on July 1, 2014. Under each agreement, the Company is required to pay lease rentals of ₹ 1.50 lacs per month and ₹ 10,000/- towards amenities and maintenance charges from the date of the agreements, subject to an annual increase by 5%

Note 2: Dr.Christopher M Cimarusti has been paid Consultancy fee of USD 2,000 per day for each day spent at the Company's facilities. These payments were made in accordance with the approval of the shareholders in the Annual General Meeting held on August 12, 2016.

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

Sd/-
Dr. Davuluri Rama Mohan Rao
Chairman and Managing Director

ANNEXURE - 5
Annual Report on CSR Activities

I. Brief outline of the Corporate Social Responsibility (CSR) Policy

The Company's CSR Policy is in alignment with the guidelines provided by the Ministry of Corporate Affairs. It provides for carrying out CSR activities in the area of Education, including special education and employment enhancing vocation skills especially among children, women, the elderly and the differently-abled persons and livelihood enhancement projects. The Policy is available on the website of the Company, www.neulandlabs.com.

II. The composition of CSR Committee of the Board

Mr. Humayun Dhanrajgir	Chairman
Mr. D. Sucheth Rao	Member
Mr. D. Saharsh Rao	Member
Dr. D. R. Rao	Member
Dr. Nirmala Murthy	Member

III. Average Net Profit of the Company for the last three financial years: ₹ 4659.58 lacs

IV. Prescribed CSR Expenditure (2% of the amount as in item 3 above): ₹ 93.18 lacs

V. **Details of CSR Spent during the financial year**

(a) Total amount to be spent for the financial year: ₹ 23.16 lacs

(b) Amount unspent, if any: ₹ 70.02 lacs

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

Sl. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and District where projects or programs was undertaken	Amount outlay (budget) project or programs wise (₹ lacs)	Amount spent on the projects or programs Sub-heads 1. Direct Expenditure on projects or programs 2. Overheads:	Cumulative expenditure upto the reporting period (₹ lacs)	Amount Spent: Through implementing agency
1.	Contribution towards Skill Enhancement Programme	Education	Local area - Hyderabad District, Telangana	6.00	Direct Expenditure on the project	6.00	Through implementing agency – Sweekaar Academy of Rehabilitation Sciences
2	Lying of Road in Domadugu Village	Village Development	Local area - Sanga Reddy District, Telangana	8.00	Direct Expenditure on the project	8.00	Lying of Road in Domadugu Village
3	Provide street lights in Bonthapally Village	Village Development	Local area - Sanga Reddy District, Telangana	6.61	Direct Expenditure on the project	6.61	Provide street lights in Bonthapally Village
4	Furniture installation for the library at Domadugu Village	Village Development	Local area - Sanga Reddy District, Telangana	2.55	Direct Expenditure on the project	2.55	Furniture Installation for the library at Domadugu Village
	Total			**23.16**		**23.16**	

VI. **In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report**:

The Company has discontinued the contribution to “Sweekaar Academy of Rehabilitation Sciences”, a Not for Profit Organisation, registered under Andhra Pradesh (Telangana Area) Public Societies Registration Act, 1350 Fasli. The Company is in the process of setting up a trust to enable it to contribute towards CSR activities envisaged by the Company.

VII. The CSR Committee hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Signing on behalf of the Committee and the Company

Sd/-
Humayun Dhanrajgir
Chairman of CSR Committee

Sd/-
Dr. Davuluri Rama Mohan Rao
Chairman & Managing Director

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Code of Corporate Governance

Your Company's Corporate Governance philosophy strives to enhance stakeholders' value as a whole. It is based on principles such as conducting the business with all integrity and fairness, being transparent with regard to all transactions, making all the necessary disclosures and decisions, complying with all the laws of the land, accountability and responsibility towards the stakeholders and commitment to conducting business in an ethical manner.

Your Company's Corporate Governance standards demonstrate inalienable rights vested with various stakeholders and strong commitment to values, ethics and business conduct. It always strives and upholds to manufacture high quality products, provide reliable services to customers through ethical practices, integrity in operations and financial management, and to generate consistent returns to shareholders on a sustainable and long term basis and ensure accuracy and transparency in financial reporting. In being one of the oldest players in the regulated markets for APIs, your Company has established a credible track record with various agencies such as the US FDA, PMDA, etc., as reliable manufacturer of active ingredients. In order to do so, your Company has provided transparency par excellence to these agencies and our customers to whom we supply our products so we that we have their trust and commitment. We will strive to create the same kind of transparency in all our stakeholder relationships.

2. Board of Directors

As at March 31, 2018, in accordance with the Corporate Governance norms, the Company's Board of Directors headed by its Executive Chairman, Dr. D.R.Rao comprised of nine directors, out of which one is a non-executive director and four are independent directors, including two woman directors. The directors of the Company do not serve as independent director in more than seven listed companies or in case he/she is serving as Whole Time Director in any Listed Company, does not hold such position in more than three Listed Companies, in compliance with the Listing Regulations.

The table below provides the information on the Board of Directors required under Regulation 17 of the Listing Regulations with the Stock Exchanges, as at March 31, 2018:

The table below provides the information on the Board of Directors required under Regulation 17 of the Listing Regulations with the Stock Exchanges, as at March 31, 2018:

Category	Name of the Directors	No. of directorships held in other companies[2]	Number of committee membership held in other companies[3]	Among the committee memberships held in other companies, number of chairmanships held	No. of Board Meetings attended	Attendance at the last AGM
Promoter Directors	Dr. D. R. Rao[1] DIN : 00107737	3	–	–	6	Yes
	Mr. D. Sucheth Rao[1] DIN : 00108880	2	–	–	6	Yes
	Mr. D. Saharsh Rao[1] DIN : 02753145	2	–	–	6	Yes
Non-Executive Director	Dr. Christopher M. Cimarusti DIN : 02872948	–	–	–	6	No
Independent Non-Executive Director	Mr. Humayun Dhanrajgir DIN: 00004006	8	7	2	6	No
	Mr. P. V. Maiya DIN: 00195847	3	3	1	6	Yes
	Dr.Will Mitchell DIN: 02222567	–	–	–	6	No
	Mrs. Bharati Rao DIN: 01892516	9	8	1	5	No
	Dr. Nirmala Murthy DIN: 00734866	-	-	-	6	Yes

[1] Dr.D.R.Rao, Mr.D.Sucheth Rao and Mr.D.Saharsh Rao are related to each other

[2] Includes directorship in Private Limited companies; excludes directorship in Foreign Companies

[3] Only Membership / Chairmanship in Audit and Stakeholders Relationship Committee are considered

Selection criteria of Board Members

The Nomination and Remuneration Committee in accordance with the Company's Policy for determining the qualifications, positive attributes and independence of director and the requirements of the skill-sets on the Board considers eminent persons having an independent standing in their respective field and who can effectively contribute to the Company's business, for appointment of new Directors on the Board. The Policy for determining the qualifications, positive attributes and independence of director is available on the website of the Company (www.neulandlabs.com).

The Nomination and Remuneration Committee works with the Board to determine the appropriate characteristics, skills and experience required for the Board as a whole and for individual member. The Company has adopted Guidelines on selection criteria of Board members, which is available on the website of the Company (www.neulandlabs.com).

Independent Directors

Your Company has Independent Directors who are very learned people having expertise/experience in their respective field/profession. None of the Independent Directors are Promoters or related to Promoters. They do not have pecuniary relationship with the Company and further do not hold two percent or more of the total voting power of the Company.

Familiarization Program of Independent Directors

The Independent directors of the Company are eminent personalities having wide experience in the field of business, education, banking, finance, industry, research & development and administration. Their presence on the Board has been advantageous and fruitful in taking business decisions. The Directors appointed by the Board are given induction and orientation with respect to the Company's vision, strategic direction, core values, including ethics, corporate governance practices, financial matters and business operations on a one-to-one basis.

Periodic presentations are made by Senior Management, Statutory and Internal Auditors at the Board/Committee meetings on business and performance updates of the Company, global business environment, business risks and its mitigation strategy, impact of regulatory changes on strategy, etc. Updates on relevant statutory changes encompassing important laws are regularly intimated to the Independent directors.

The Company has a familiarisation programme for Independent Directors with regard to their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, the business models of the Company etc., and the same is available on the website of the Company (www.neulandlabs.com).

Codes / Policies

The Company has adopted various codes and policies to carry out the business and ensure integrity, transparency, independence and accountability in dealing with all stakeholders. Some of the codes and policies are:

- Code of Business Conduct & Ethics
- Code of Conduct for Directors & Senior Management
- Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Insiders
- Code of Fair Disclosures
- Whistle Blower Policy
- Policy for determining the qualifications, positive attributes and independence of director
- Terms of appointment of Independent Directors
- Vigil Mechanism and Whistle Blower Policy
- Development and Succession Planning
- Guidelines for Evaluation of Board and Committees
- Policy for determining Material Subsidiaries
- Related Party Transaction Policy
- Material Events Policy
- Preservation of Documents Policy

Board Meetings held during the financial year ended March 31, 2018

A calendar of Meetings is prepared and circulated in advance to the Directors. During the year, the Board met six times on April 14, 2017, May 12, 2017, August 17, 2017, September 11, 2017, November 22, 2017 and February 2, 2018 The maximum gap between any two Board Meetings was less than one hundred twenty days. All material information was circulated to the directors before the meeting or placed at the meeting, including minimum information required to be made available to the Board under Regulation 17-27 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Meeting of Independent Directors

During the year under review, as stipulated by the Code of Independent Directors under the Companies Act, 2013 and the (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate Meeting of the Independent Directors of the Company was held on March 22, 2018.

The Company has proper systems to enable the Board to periodically review compliance reports of all laws applicable to the Company, as prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances, if any.

Non-executive Directors' compensation and disclosures

All fees/compensation paid to Non-Executive Directors (including Independent Directors) are fixed by the Board and approved by the shareholders in the General Meeting and the compensation is within the limits prescribed under the Companies Act, 2013.

3. Committees of the Board

a. Audit Committee

Pursuant to the provisions of new SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013, the Board has approved the necessary changes and additional terms to the terms of reference of the Audit Committee as follows:

a. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

b. Recommendation for appointment, remuneration and terms of appointment of auditors of the listed company

c. Approval of payment to statutory auditors for any other services rendered by Statutory auditors

d. Reviewing with management, the annual financial statements and auditor's report thereon before submission to the Board for approval, focusing primarily on:

    i. matters required to be included in the Directors Responsibility Statement to be included in the Directors Report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;

    ii. changes, if any, in accounting policies and practices and reasons for the same;

    iii. major accounting entries involving estimates based on the exercise of judgement by management;

    iv. significant adjustments made in the financial statements arising out of audit findings;

    v. compliance with listing and other and legal requirements concerning financial statements; and,

    vi. disclosure of any related party transactions

    vii. Modified opinion(s) in draft audit report;

e. Reviewing with the management, the quarterly financial statements before submission to the Board for approval;

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

g. Review and monitor the auditor's independence and performance, and effectiveness of audit process;

h. Approval or any subsequent modification of transactions of the company with related parties;

i. Scrutiny of inter-corporate loans and investments;

j. Valuation of undertakings or assets of the Company, wherever it is necessary;

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

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

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

n. Discussion with internal auditors any significant findings and follow up thereon;

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

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

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

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

s. Authority to investigate into any matter in relation to the items specified in sub-section (4) of Section 177 of the Companies Act 2013 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;

t. Appointment of registered valuers; and

u. Reviewing the reports/ certificates placed before it as mandated by the statutory authorities or as required under policies framed by the Company from time to time.

v. Ascertaining and ensuring that the Company has an adequate and functional vigil mechanism and for ensuring that the interest of a person, who uses such a mechanism, are not prejudicially affected on account of such use, as and when applicable and reviewing the functioning of whistle blower mechanism;

w. Any other matters/ authorities / responsibilities / powers assigned as per Companies Act 2013 and Rules made thereunder, as amended from time to time;

The Audit committee reviews the following information mandatorily:

a. management discussion and analysis of financial condition and results of operations;

b. statement of significant related party transactions (as defined by the audit committee), submitted by management

c. management letters / letters of internal control weaknesses issued by the statutory auditors

d. internal audit reports relating to internal control weaknesses

e. the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee

f. statement of deviations, if any:

   (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).

   (b) annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice in terms of Regulation 32(7).

Composition, Names of Members and Chairman

The Audit Committee consists of three Independent Directors and one Whole Time Director and the Chairman of the Audit Committee is an Independent Director. All members of the Audit Committee are financially literate and have related financial management expertise by virtue of their experience and background. During the year, the Committee met five times on the following dates:

May 11, 2017, August 17, 2017, September 11, 2017, November 21, 2017 and February 1, 2018

Composition and Attendance

Name of Member	Meetings attended
Mr. P.V. Maiya, Chairman	5
Mr. Humayun Dhanrajgir, Member	5
Mrs. Bharati Rao, Member	3
Mr. D. Sucheth Rao, Member	5
Mrs. Nirmala Murthy	4

The Company Secretary acts as the Secretary of the Audit Committee. The Chairman & Managing Director, Whole-time Directors, the Statutory Auditor, the Internal Auditor, Chief Financial Officer and the Assistant Company Secretary of the Company are also invited to the meetings of the Audit Committee.

b. Nomination and Remuneration Committee

The terms of reference stipulated by the Board of Directors to the Nomination and Remuneration committee as contained in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and sub-section (1) of Section 178 of the Companies Act, 2013, are as follows:

- Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees.
- Formulation of criteria for evaluation of Independent Directors and the Board
- Devising a policy on Board diversity
- Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal. The Company shall disclose the remuneration policy and the evaluation criteria in its Annual report.
- Administer Employee Stock Option Schemes of the Company.

The Nomination and Remuneration Committee consists of three Independent Non-Executive Directors. During the year, the Committee met on May 12, 2017 and November 21,2017.

Composition and Attendance

Name of Member	Meetings attended
Mr. P.V. Maiya, Chairman	2
Mr. Humayun Dhanrajgir, Member	2
Mrs. Bharati Rao, Member	1

Performance Evaluation

The Company has put in place an evaluation framework for evaluation of the Board, its Committees, Directors and Chairman. The evaluation of the Board, its Committees, Directors and Chairman were undertaken through circulation of questionnaires. The questionnaires were based on select parameters such as frequency of meetings, mix of expertise, experience relevant to the Company's requirements, quality, quantity and timeliness of flow of information and constitution and terms of reference of various Board Committees in respect of Board and its Committees. The evaluation criteria for the individual directors, including the Board Chairman and Whole Time Directors was based on parameters such as attendance, participation and contribution at the meetings and otherwise. The guidelines for evaluation of Board and Committees are available on the website of the Company at www.neulandlabs.com.

Remuneration Policy

The Nomination and Remuneration policy of your Company is a comprehensive policy which is competitive, in line with the industry practices and rewards good performance of the employees of the Company. The Policy is enclosed as *Annexure 1* to this report and is also available on the website of the Company at www.neulandlabs.com.

The objective and broad framework of the Remuneration Policy is to consider and determine the remuneration, based on the fundamental principles of payment for performance, for potential, and for growth and to provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.

Your Company endeavours to attract, retain, develop and motivate a high-performance workforce. Your Company follows a compensation mix of fixed and variable pay. Individual performance pay is determined by business performance and the performance of the individuals measured through the annual appraisal process.

The Remuneration Policy of the Company for managerial personnel is primarily based on performance of the Company, performance and potential of individual managers, and External competitive environment.

Directors' Remuneration

The details of remuneration to the Directors for the financial year ended March 31, 2018:

(Amount in ₹ lacs)

Name of Director	Salary	Perquisites and other benefits[1]	Commission	Sitting fee	Total
Dr. D.R.Rao[4]	39.53	20.47	-	N.A	60.00
Mr. D. Sucheth Rao[4]	32.96	17.04	-	N.A	50.00
Mr. D. Saharsh Rao[4]	32.96	17.04	-	N.A	50.00
Mr. Humayun Dhanrajgir	-	-	2.50[2]	6.90	9.40
Mr. P.V. Maiya	-	-	2.50[2]	6.70	9.20
Mrs. Bharati Rao	-	-	2.50[2]	4.70	7.20
Dr. Nirmala Murthy	-	-	2.50[2]	5.40	7.90
Dr. William G Mitchell	-	-	2.50[2]	3.40	5.90
Dr. Christopher M. Cimarusti	-	-	2.50[2]	3.20	5.70[3]

1. *Perquisites and other benefits include Provident Fund*
2. *The commission for Non-Executive Directors for the financial year was approved by the Board at its meeting held on May 11, 2018*
3. *In addition to the above, Dr.Christoper M Cimarusti has been paid consultancy fee of USD 2,000 (net of taxes) per day for each day spent at the Company's facilities aggregating to USD 6,000, in accordance with the approval of the shareholders in the Annual General Meeting held on August 12, 2016.*
4. *Tenure of office of the Chairman & Managing Director and the Whole Time Directors is for a term of five years from the date of appointment and can be terminated by either the Company or such directors by giving 12 months' notice in advance or salary in lieu thereof.*

The Company has not provided any stock options to its directors.

During the financial year 2017-18, the Non-Executive Directors were paid Sitting fee of ₹ 50,000 for attending each meeting of the Board and Audit Committee and ₹ 20,000 for each meeting of the Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Strategic Planning Committee and Stakeholder Relationship Committee. The Independent Directors were paid a fee of ₹ 20,000 each for the separate meeting of the Independent Directors.

Shareholding of Directors as on March 31, 2018

Name	No. of shares
Dr. D. R. Rao	116
Mr. D. Sucheth Rao	116
Mr. D. Saharsh Rao	116
Mr. Humayun Dhanrajgir	3,286
Mr. P.V. Maiya	2,000

c. Stakeholders Relationship Committee

During the financial year 2017-18, the Committee met four times on the following dates:

May 11, 2017	November 21, 2017
September 11, 2017	February 1, 2018

Composition and Attendance

Name of Director	Meetings attended
Mr. P.V. Maiya, Chairman	4
Dr. D. R. Rao, Member	4
Mr. D. Sucheth Rao, Member	4

The Company attends to the investors' grievances/ correspondence expeditiously and usually reply is sent within a period of fifteen days of receipt.

The Company has received thirteen complaints from the shareholders/Stock Exchange which inter alia, non-receipt of dividend warrants and Share Certificates during the financial year 2017-18. The complaints were gathered by the Company from Registrar and Transfer Agent and from its own sources, which were duly attended to and the Company has furnished necessary documents/information to the Members. There are no complaints pending as on March 31, 2018. All the complaints have been disposed of to the satisfaction of the Members.

The Stakeholders Relationship Committee reviews the following:

- Transfer/transmission of shares/debentures;
- Issue of duplicate share certificates;

- Review of shares dematerialised and all other related matters;
- Monitors expeditious redressal of investors' grievances;
- Non-receipt of Annual Reports and declared dividend; and,
- All other matters related to shares/debentures.

The Registrars & Transfer Agents are completing share transfers once in every 15 days. Requests for share transfer are not pending beyond the stipulated period.

d. Finance Committee

There was no meeting of the Finance Committee during the financial year 2017-18. Dr.D.R.Rao, Mr.P.V.Maiya, Mr.Humayun Dhanrajgir, Mr.D.Sucheth Rao and Mr.D.Saharsh Rao are the members of the Committee.

The Finance Committee was constituted, inter alia, for the purpose of approving credit facilities sanctioned by lenders from time to time.

e. Corporate Social Responsibility Committee

The Committee met three times on the following dates:

May 11, 2017 August 17, 2017 February 1, 2018.

Composition and Attendance

Name of Member	Meetings attended
Mr. Humayun Dhanrajgir	3
Mr. D. Sucheth Rao	3
Mr. D. Saharsh Rao	3
Dr. D. R. Rao	3
Dr. Nirmala Murthy*	3

** Dr. Nirmala Murthy was appointed as a Member of the Committee w.e.f. May 11, 2017.*

Terms of Reference:

- Recommend to the Board, a Corporate Social Responsibility Policy of the Company, including the activities to be undertaken by the Company in conformity with Schedule VII of the Companies Act, 2013 and the Rules thereof.
- Recommend the amount of expenditure to be incurred on CSR activities on an annual basis and
- Monitor the CSR policy of the Company from time to time.

Compliance officer

Ms. Sarada Bhamidipati, Company Secretary, is the Compliance Officer for complying with the requirements of the Securities Laws, Listing Agreements with the Stock Exchanges and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. She acts as the Secretary to all the sub-committees of the Board.

4. General Body Meetings

The last three Annual General Meetings details are given herein below:

Year	Date	Day	Time	Venue
2015	August 14, 2015	Friday	2.30 p.m	Grand Ball room, Taj Krishna, Hyderabad
2016	August 12, 2016	Friday	2.30 p.m	Grand Ball room, Taj Krishna, Hyderabad
2017	December 28, 2017	Tuesday	2.30 p.m	Grand Ball room, Taj Krishna, Hyderabad

Special Resolutions passed at the last three AGMs

Year	2014-15	2015-16	2016-17
Item	NIL	a. Re-designation of Mr. Davuluri Sucheth Rao, Whole Time Director & CEO as "Vice-Chairman & CEO" b. Payment of Professional fee to Dr Christopher M Cimarusti, Non-Executive Director.	NIL

Tribunal Convened Meeting

Pursuant to the Order dated April 7, 2017, issued by the National Company Law Tribunal, Hyderabad Bench ("NCLT") a meeting of equity shareholders of Neuland Laboratories Limited was held on May 30, 2017, at 03.30 pm at Hotel Taj Krishna, situated at Road No. 1, Mada Manzil, Banjara Hills, Hyderabad - 500034, Telangana, India, to consider and approve the Scheme of Amalgamation and Arrangement between Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) and Neuland Laboratories Limited (Transferee Company) and their respective Shareholders and Creditors ("Scheme of Amalgamation"). The Scheme of Amalgamation was approved by the shareholders of the Company with requisite majority.

5. Postal Ballot

During the year under review, approval of the shareholders was sought through an Ordinary Resolution "To approve the Scheme of Amalgamation and arrangement between Neuland Laboratories Limited (Transferee company) and Neuland Health Sciences Private Limited (first transferor company) and Neuland Pharma Research Private Limited (second transferor company) and their respective shareholders and creditors"

Mr.D.Hanumantha Raju, Partner, D. Hanumanta Raju & Co., Practicing Company Secretaries, was appointed as Scrutinizer to conduct the Postal Ballot process in a fair and transparent manner, wherein the said resolution as proposed was passed as Ordinary Resolution, respectively. The voting results of the Postal Ballot were declared on May 31, 2017. The details of voting on Postal Ballot process are as under:

The voting result of the Postal Ballot is as under:

Resolution No.	Number of valid votes polled	No. of votes polled in favour		No. of votes polled against	
		Favour	%	Against	%
1	535504	535209	99.94	295	0.06

** Votes cast for 5001 shares were considered as invalid.*

Postal Ballot Procedure

In accordance with Section 108 and 110 of the Companies Act, 2013 read with other related rules, the Company provides electronic voting ("e-voting") facility to the members. Karvy Computershare Private Limited ("Karvy") has been engaged by the Company for the purpose of providing e-voting facility to the members. The members have an option to vote either by physical ballot or through e-voting.

Postal ballot notice is sent to the shareholders along with prepaid Business reply envelope (BRE) to its members whose name appears on the register of members/ list of beneficial owners as on a cut-off date. The notice is also sent in an electronic form to the registered e-mail ids with their Depository Participants (in case of electronic shareholding)/ the Company's Register Share Transfer Agents (RTA) (in case of physical shareholding). An advertisement containing the particulars of completion of dispatch of notices and other requirements as required under the Act and applicable rules, is published by the Company.

Voting rights are reckoned on the paid-up value of shares registered in the names of the members as on the cut-off date. Members who are desirous to vote through physical ballot are requested to return the forms, duly completed and signed in the prepaid BRE to the scrutinizer on or before the close of the voting period. Members desirous to vote through e-voting are requested to vote before the closing hours of the last day of e-voting.

Upon completion of the scrutiny, the scrutinizer submits his / her report to the Chairman and the consolidated results of the voting of Postal Ballot are announced by the Chairman/ Authorized officer. The results are displayed on the Company's website (www.neulandlabs.com) and further intimated to the Stock Exchanges, Depositories and Registrar and Share Transfer agents, as may be required. The resolution shall be deemed to be passed on the date of at a meeting convened in that behalf.

Remote E-voting and Ballot voting at the AGM

The Company has arranged for remote electronic voting (e-voting) and ballot voting facility to allow the shareholders to vote on the resolutions proposed at the Annual General Meeting. The Company has engaged Karvy Computershare Private Limited ("Karvy") for the purpose of providing e-voting facility to the members. Members whose name appear on the register of members/ list of beneficial owners as on August 3, 2018 shall be eligible for the purpose of e-voting.

The facility for ballot voting will be made available at the AGM venue and the members desirous to cast their vote through ballot form can cast their vote at the AGM.

6. Information in respect of Directors seeking appointment / re-appointment as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Name of the Director	Mr. D. Saharsh Rao	Mr. D. Sucheth Rao
Date of first appointment	21.05.2009	29.07.2003
Date of Birth	07.08.1979	25.12.1975
Expertise in specific functional areas	Information Technology and Marketing	Marketing, Finance, Manufacturing, Operations and Information Technology
Educational Qualifications	B.E. Masters in MIS from Weatherhead School of Management, Cleveland OH. MBA from University of North Carolina, USA	B.Tech.(Mech)., MBA (Corporate Finance and Operations Management) from University of Notre Dame, USA
Chairman/Member of the Committee of the Board of Directors of the Company	Member • CSR Committee • Finance Committee • Strategic Planning Committee	Member • Audit committee • Stakeholders Relationship Committee • CSR Committee • Finance Committee • Strategic Planning Committee
List of directorships, Committee Chairmanship and membership held in other companies as on May 11, 2018	Nil	Nil
Number of shares held in the Company as on May 11, 2018	2,43,587	3,20,022

7. Disclosures

a. Related Party Transactions

All the transactions by the Company with related parties during the financial year were in its ordinary course of business and on an arm's length basis. They were substantially on similar terms as in earlier years, as per the provisions of the Agreements / approvals.

During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions. Attention of members is drawn to the disclosure of transactions with related parties set out in Note No. 39 of Standalone Financial Statements, forming part of the Annual Report.

None of the transactions with any of related parties were in conflict with the Company's interest. All related party transactions are negotiated on an arms-length basis, and are intended to further the Company's interests.

Further, these transactions are also placed in the Audit Committee Meetings for its review. The Related Party Transaction Policy of the Company is available on the Company's website www.neulandlabs.com.

b. Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI, or any statutory authority, on any matter related to capital markets, during the last three years – NIL

c. Whistle Blower Policy

Your Company has established a Vigil Mechanism/ Whistle Blower Policy, which is available on Company's website at www.neulandlabs.com. The Company hereby affirms that no personnel has been denied access to the Audit Committee.

d. Your Company has complied with all applicable mandatory requirements in terms of SEBI Listing Regulations. A report on the compliances on the applicable laws for the Company is placed before the Board on a quarterly basis for its review and consideration.

e. Non-Mandatory Requirements

The Company also complies with the following non-mandatory requirements Regulation 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

- There are no audit qualifications during the year under review.
- The Internal auditor quarterly reports to the Audit Committee.

f. Reconciliation of share capital audit

The Company has engaged a practising Company Secretary to carry out a share capital audit to reconcile the total admitted equity share capital with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. The audit report confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

g. Code of Conduct

The Board of Directors has adopted the Code of Business Conduct and Ethics for Directors and senior management. The said Code has been communicated to the Directors and the Senior Management. The Code has also been uploaded on the Company's website www.neulandlabs.com.

h. Approval of the Scheme of Amalgamation

The Hon'ble National Company Law Tribunal, Hyderabad bench vide its Order dated March 28, 2018 has approved the Scheme of Amalgamation and Arrangement between Neuland Health Sciences Private Limited and Neuland Pharma Research Private Limited (Second Transferor Company) and Neuland Laboratories Limited (Transferee Company) and their respective Shareholders and Creditors (Scheme of Amalgamation). The appointed date of the Scheme was April 1, 2016.

i. Risk Management

Business risk evaluation and management is an ongoing process within the organization. The Board of Directors reviews the reports of compliance to all applicable laws and regulations on a quarterly basis. Any non-compliance is seriously taken up by the Board and the action taken for rectification of non-compliance is reported to the Board.

j. The Board at its meeting held on April 9, 2018, has subject to the approval of the members, approved issuance of up to 16,75,000 fully paid-up equity shares of a face value of ₹ 10 each of the Company, through Qualified Institutional Placement, in accordance with the provisions of Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and applicable provisions of the Companies Act, 2013 ("the Act") and Rules issued thereunder.

k. Accounting treatment

The Financial Statement of the Company have been prepared in accordance with the Indian Accounting Standard (Ind As), notified under the Companies (Indian Accounting Standard) Rules, 2015 and the relevant provisions of Companies Act, 2013. The Financial statements have been prepared on accrual basis under the historical cost convention.

l. Non-Executive Directors' compensation and disclosures

All fees/compensation paid to the Non-Executive Directors (including Independent Directors) are recommended by the Nomination and Remuneration Committee and fixed by the Board and approved by the shareholders in the General Meeting, if required and the remuneration paid/payable are within the limits prescribed under the Act.

Dr.Christoper M Cimarusti has been paid Consultancy fee of per day for each day spent at the Company's facilities aggregating to USD 6,000. These payments were made in accordance with the approval of the shareholders in the Annual General Meeting held on August 12, 2016. Except for the above, the Non-Executive director and the Independent directors of the Company had no pecuniary relationship or transactions with the Company.

m. Code of Conduct for Prohibition of Insider Trading

Your Company has adopted a Code of Conduct as per Securities and Exchange Board of India (SEBI) (Prohibition of Insider Trading) Regulations, 2015. All Directors, Designated Employees who could have access to the Unpublished Price Sensitive Information of the Company are governed by the Code. During the year under review, there has been due compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015.

n. Compliance on Corporate Governance

The quarterly compliance report has been submitted to the Stock Exchanges where the Company's equity shares are listed in the requisite format duly signed by the Compliance Officer. Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, certificate from a Company Secretary confirming that the Company is in compliance on conditions of Corporate Governance is published elsewhere in the Annual Report.

o. E-voting

Pursuant to the requirements of the Companies Act, 2013 and the Listing Agreement, the Company is providing e-voting facility to its shareholders, in respect of all shareholders' resolutions, to be passed at the General Meetings.

p. Commodity price risk or foreign exchange risk and hedging activities

Some of the API products manufactured by the Company are subject to commodity price risks. The Company does not have any hedging activities for the same. However, the Company reviews its product mix with a focus on niche and high margin products to mitigate the commodity price risk. The Company is a net foreign exchange earner and thus faces foreign currency fluctuation risk. Looking at the broad long-term trend, the Company keeps its position generally open and also takes into account the available natural hedge. The Company reviews its Foreign Currency Risk and evaluates the same on a quarterly basis.

q **Management Discussion and Analysis Report** forms part of the Report of the Directors.

8. Subsidiary

The Company does not have any material subsidiary, and hence, is not required to nominate an Independent Director of the Company on the Board of any subsidiary. However, the Company has also formulated a policy for determining the Material Subsidiary and the same is available on Company's website at www.neulandlabs.com. The Audited Annual Financial Statements of Subsidiary Companies are tabled at the Audit Committee and Board Meetings.

9. Means of Communication

The Company's website provides information to the shareholders, including financial results, Shareholding Pattern, Registrars & Share Transfer Agents, Corporate Governance Policies and other Codes of the Company, and list of shareholders who have not claimed their dividend to comply with MCA Guidelines. The website covers all major press reports, releases, awards, campaigns etc.

The Company also interacts with the shareholders through other channels of communication such as publication of results, Annual Report, press releases, Analysts Call after the Board Meeting and the Company's website. The Company also informs the Stock Exchanges in a prompt manner, all price sensitive information and all such other matters which in its opinion, are material and relevant for the shareholders.

Quarterly results	The results of the Company are published in the newspapers
Newspapers wherein results normally published	One Leading national (English) business newspaper and in one vernacular (Telugu) newspaper
Any website where displayed	www.neulandlabs.com
Whether it also displays official news releases	Official press releases are sent to the Stock Exchanges and the same is hosted on the website of the Company.
Whether the website displays the presentation made to the institutional investors and to the analysts	Yes

10. General Shareholders Information

Annual General Meeting

Date, Time and Venue
Friday, August 10,2018 at 2.30 p.m.
At The Grand Ball room, Taj Krishna,
Banjara Hills, Hyderabad 500034.

Financial Year
April 1 to March 31

Financial Calendar

Adoption of Quarterly results for the quarter ending	Tentative Dates
June 30, 2018	August, 2018
September 30, 201	November, 2018
December 31, 2018	January / February, 2019
March 31, 2019	May, 2019

Date of Book Closure

August 7, 2018 to August 10, 2018 (Both days inclusive)

Listing on Stock Exchanges

The Equity Shares of the Company are presently listed on the following stock exchanges:

BSE Limited (BSE)
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai 400 001.

National Stock Exchange of India Limited (NSE)
Exchange Plaza, Bandra Kurla Complex,
Bandra (E), Mumbai 400 001.

Payment of Listing fees

Annual listing fee for the financial year 2018-19 has been paid by the Company to BSE and NSE.

Payment of Depository fees

Annual Custody/Issuer fee for the financial year 2018-19 has been be paid by the Company to NSDL and CDSL on receipt of the invoices.

Outstanding GDRs/ ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity

The Company has not issued any GDRs/ADRs/warrants or any other convertible instruments.

Employee Stock Options

There are no outstanding stock options in the Company.

Stock Code

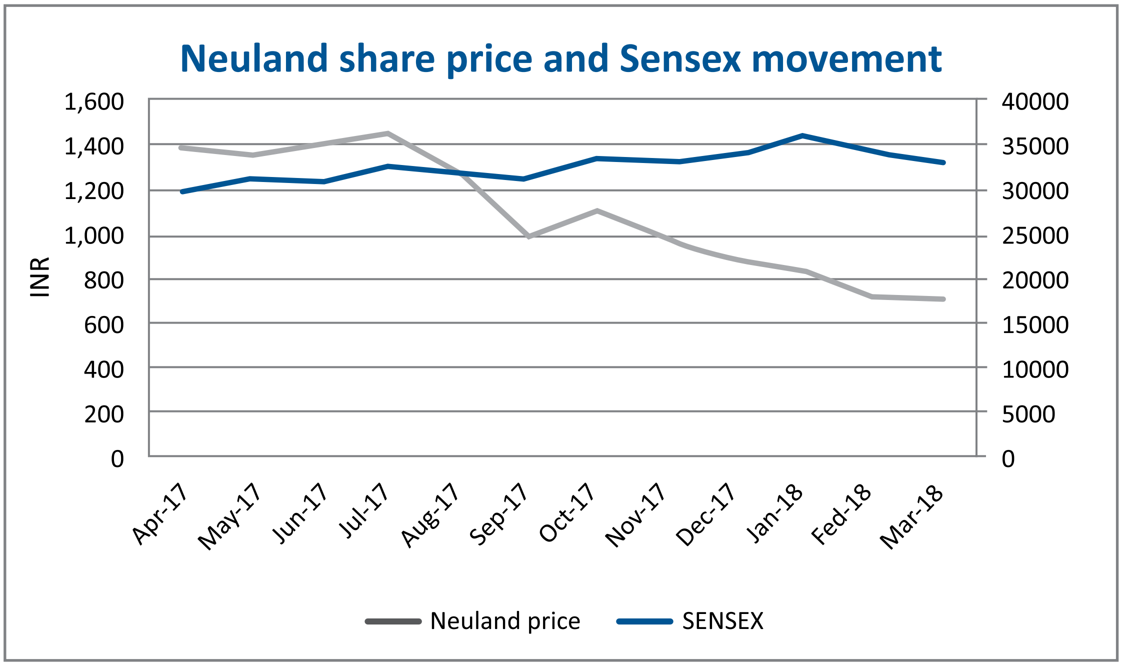
524558 on BSE
NEULANDLAB on NSE

Demat International Securities Identification Number (ISIN) in NSDL & CDSL: INE794AO1010

Share price movements 2017-18

Amount in ₹

		BSE Limited			National Stock Exchange of India Limited		
	Month	**High**	**Low**	**Closing**	**High**	**Low**	**Closing**
2017	April	1,680.00	1,242.55	1,385.60	1,727.00	1,235.60	1,398.70
	May	1,497.05	1,301.00	1,355.00	1,496.55	1,305.00	1,369.40
	June	1,443.35	1,336.00	1,409.85	1,453.85	1,333.00	1,416.80
	July	1,443.35	1,336.00	1,409.85	1,547.60	1,288.05	1,438.70
	August	1,465.65	1,187.00	1,281.25	1,468.90	1,192.00	1,270.35
	September	1,290.40	978.00	986.50	1,290.35	963.35	981.80
	October	1,199.00	963.55	1,104.45	1,199.00	960.00	1,102.60
	November	1,300.00	965.00	976.35	1,304.00	961.00	969.15
	December	986.00	852.25	891.75	990.05	849.95	892.85
2018	January	954.50	800.00	836.65	915.00	829.20	837.40
	February	938.50	685.00	719.00	848.85	668.00	719.90
	March	749.95	680.00	707.05	749.00	674.00	710.70



Registrar and Transfer Agents

Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot 31-32,
Gachibowli, Financial District,
Nanakramguda, Hyderabad – 500 032.
Tel: +91 40 6716 2222
Toll Free No.: 1-800-3454001
Email: einward.ris@karvy.com

Share Transfer System

Share transfers are processed by the Registrar and Transfer Agents and are approved by the Chairman and Managing Director under delegated powers / Stakeholders Relationship Committee.

Details of Unclaimed Securities Suspense Account

In accordance with the requirement of Regulation 34(3) and Schedule V Part F of SEBI Listing Regulations, the Company reports the following details in respect of equity shares lying in the suspense account which were issued in dematerialised form pursuant to the public issue of the Company:

Particulars	No. of Shareholders	No. of Shares
Aggregate no. of shareholders and the outstanding shares transferred to the suspense account	9	1000
No. of shareholders who approached the Company for transfer of shares from suspense account during the year	0	0
No. of shareholders to whom shares were transferred from unclaimed shares suspense account during the year	0	0
Aggregate no. of shareholders and the outstanding shares in the suspense account lying as on March 31, 2018	9	1000

The voting rights on the shares outstanding in the suspense account as on March 31, 2018 shall remain frozen till the rightful owner of such shares claims the shares.

Dematerialisation of shares

Shares of the Company can be held and traded in electronic form. As stipulated by SEBI, the shares of the Company are accepted in the Stock Exchanges for delivery only in dematerialisation form. The Company's shares are available for trading in the depository system, of both the National Securities Depository Limited and the Central Depository Services (India) Limited. As on March 31, 2018, the total shares dematerialized were 87,24,254 in both depositories accounting for 98.20% of the share capital of the Company

Rematerialisation of shares

The Company has not received any requests for re-materialisation of shares during the year.

Distribution of Shareholding as on March 31, 2018

No. of shareholders	No. of Shareholders	% of shareholders	Total no. of shares	% of holding
1 - 5000	12,399	93.95	10,01,830	11.28
5001 - 10000	397	3.01	2,96,435	3.34
10001 – 20000	191	1.45	2,77,136	3.12
20001 – 30000	57	0.43	1,42,571	1.60
30001 – 40000	35	0.27	1,24,500	1.40
40001 – 50000	19	0.14	86,173	0.97
50001 – 100000	52	0.39	3,80,067	4.28
100001 & Above	48	0.36	65,75,542	74.01
Total :	**13,198**	**100.00**	**88,84,254**	**100.00**

Shareholding Pattern as on March 31, 2018

Category of shareholder	No. of Shareholders	% tototal shareholders	No. of shares held	% of Share holding
Promoters and Promoter Group*	13	0.09	45,91,748	51.69
FIs/Banks/MFs/Others	397	3.00	7,93,926	8.93
Bodies Corporate	371	2.83	4,15,340	4.68
Residential Individuals	12,071	91.46	23,39,329	26.33
NRIs/OCBs/ FIIs/ FB	346	2.62	7,43,911	8.37
Total	**13,198**	**100.00**	**88,84,254**	**100.00**

* As per disclosure under regulation 30(2) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, furnished by the Promoters / Promoter Group.

Plant Locations

Unit 1	Unit 2	Unit 3	R&D Centre
Survey No.347, 473, 474, 490/2, Veerabhadraswamy Temple Road, Bonthapally Village, Jinnaram, Sangareddy District, 502313 Telangana	Plot No. 92-94, 257-259 IDA Pashamylaram Patancheru Mandal Sangareddy District, Telangana	Survey No 10, Gaddapotharam Village, Jinnaram, Sangareddy District, Telangana	Survey No : 488G & 489A, Veerabhadraswamy Temple Road, Bonthapally Village, Gummadidala Mandal, Sangareddy District-502313, Telangana, India.

Service of documents through Electronic Mode

The Notice, along with the Report and Accounts, has been sent in electronic mode to those Shareholders who have registered their e-mail addresses with the Company or with the Depositories and in physical mode to the other Shareholders. Shareholders who wish to update or register their e-mail addresses with the Company or with the Depositories may inform their respective Depository Participants in case of shares held in electronic form and to the Registrar and Transfer Agent or the Company in case of physical holding of shares at the addresses given below in the Report.

Remittance of Dividend through Electronic Mode

The Company provides the facility for remittance of dividend to Shareholders through NECS (National Electronic Clearing Service) / RTGS (Real Time Gross Settlement) / NEFT (National Electronic Funds Transfer). Shareholders, who have not yet opted for remittance of dividend through electronic mode and wish to avail the same, are required to provide their bank details, including MICR (Magnetic Ink Character Recognition) and IFSC (Indian Financial System Code) to their respective Depository Participants where shares are held in the dematerialized form and the Registrar Transfer Agent in the physical form respectively.

Bank Details

Shareholders holding shares in the physical form are requested to advise the Registrar Transfer Agent of change in their address / mandate / bank details to facilitate better servicing. Shareholders are advised that their bank details, or where such details are not available, their addresses, as furnished by them to the Company or to the Depository participant, will be printed on the dividend warrants as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as a measure of protection against fraudulent encashment.

Permanent Account Number (PAN)

Shareholders holding shares in the physical form are mandatorily required to furnish copy of PAN Card in the following transactions:

i) Transfer of shares – Transferee and Transferor

ii) Transmission of shares - Legal heirs' or Nominees'

iii) Transposition of shares - Joint holders' and

iv) In case of decease of shareholder - Surviving joint holders'

Address for Correspondence

i. Investor Correspondence: For transfer/dematerialisation of shares, payment of dividend on shares, interest and any other query relating to the shares of the Company.

For Shares held in Physical	For Shares held in Demat Form
Registrar and Transfer Agents **Karvy Computershare Private Limited** Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032. Tel: +91 40 6716 2222 Toll Free No.: 1-800-3454001 Email: einward.ris@karvy.com	To the Depository Participant

ii. Any query on Annual Report

Ms. Sarada Bhamidipati
Company Secretary
Neuland Laboratories Limited
Sanali Info Park, 'A' Block, Ground Floor,
8-2-120/ 113, Road No.2,
Banjara Hills, Hyderabad - 500 034.
Phone : +91 40 30211600
Fax : +91 40 30211602
e-mail : ir@neulandlabs.com

iii. For investor grievance

e-mail : ir@neulandlabs.com

CMD CERTIFICATION

We, Davuluri Ramamohan Rao, Chairman & Managing Director and Amit Agarwal, Chief Financial Officer, to the best of our knowledge and belief, certify that:

a. We have reviewed the financial statements including cash flow statement (standalone and consolidated) for the financial year ended 31 March 2018 and that these statements:

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

   ii. together present a true and fair view of the Company's affairs and are in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under applicable laws and rules and regulations.

b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct.

c. We accept overall responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or proposed to be taken to address these deficiencies.

d. We have indicated, wherever applicable, to the Auditors and the Audit Committee:

   i. that there are no significant changes in the internal control over financial reporting during the year;

   ii. that there are no significant changes in the accounting policies during the year; and

   iii. that there are no instances of significant fraud of which we have become aware of and which involve management or other employees who have significant role in the Company's internal control system over financial reporting.

For **Neuland Laboratories Limited**

Sd/-
Dr. Davuluri Rama Mohan Rao
Chairman & Managing Director

For **Neuland Laboratories Limited**

Sd/-
Amit Agarwal
Chief Financial Officer

Hyderabad
May 11, 2018

DECLARATION

As provided under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the stock exchanges, the Board Members and the Senior Management personnel have confirmed compliance with the Code of Conduct and Ethics for the year ended March 31, 2018.

For and on behalf of the board

Sd/-
Dr. Davuluri Rama Mohan Rao
Chairman & Managing Director

May 11, 2018, Hyderabad

PRACTICING COMPANY SECRETARY CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
M/s. Neuland Laboratories Limited

We have examined the compliance of conditions of Corporate Governance by M/s. Neuland Laboratories Limited ('the Company'), for the financial year ended March 31, 2018 as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15 (2) of the Listing Regulations.

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

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

For **P.S.RAO & ASSOCIATES**

P. S. Rao
ACS No: 9769
CP No: 3829

Place: Hyderabad
Date: May 11, 2018

SECRETARIAL AUDIT REPORT

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

(FOR THE FINANCIAL YEAR ENDED 31/03/2018)

To
The Members,
NEULAND LABORATORIES LIMITED,
Sanali Info Park, 'A' Block, Ground Floor, 8-2-120/113,
Road No. 2, Banjara Hills,
Hyderabad – 500034.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **NEULAND LABORATORIES LIMITED** (here in after called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

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

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

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

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

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

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

The Reserve Bank of India is yet to allot the Unique Identification Numbers for the Overseas Direct Investment made by the Company in the Neuland Laboratories K.K.,

Japan (value of investment: INR. 15.37 Lakhs) and Neuland Laboratories Inc., USA (value of investment INR.0.45 Lakhs) due to which the filing of the Annual Performance Reports for the respective investments is delayed. However, the Company has obtained the approvals from the Reserve Bank of India for the aforementioned investments.

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

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

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2015

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

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

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

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

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(v) The company has complied in general with other Laws, rules and regulations and the below mentioned specific laws to the extent applicable to the Company;

(a) Drugs and Cosmetics Act, 1940

(b) Narcotic Drugs and Psychotropic Substances Act, 1985

(c) The Medicinal & Toilet Preparations (Excise Duties) Act, 1955

(d) Drugs Price Control Order, 2013 and notifications made there under

(e) Indian Boilers Act, 1923

(f) The Payment of Wages Act, 1936

(g) Employees Provident Funds and Miscellaneous Provisions Act, 1952

(h) The Payment of Bonus Act, 1965

(i) The water (Prevention and control of pollution) Act, 1974 and rules made thereunder

(j) The Air (Prevention and control of pollution) Act, 1981 and rules made thereunder

(k) The Environment Protection Act, 1986 and rules made thereunder

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India to the extent applicable;

(ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited;

During the period under review, except for the reported observation, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, Listing Agreements etc mentioned above.

We further report that

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. No changes took place in the composition of the Board of Directors during the period under review.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.
- The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel;

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

We further report that

During the audit period, Neuland Health Sciences Private Limited (Holding Company) and Neuland Pharma Research Private Limited (Fellow Subsidiary Company) were merged and transferred to the Company with effect from 01/04/2016 (appointed date) vide order dated 21/03/2018 of the National Company Law Tribunal, Hyderabad bench which is having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards.

However, there were no other specific major events that took place during the audit period such as mentioned below:

(i) Public/Right/Preferential issue of shares/debentures/sweat equity, etc.

(ii) Redemption / buy-back of securities.

(iii) Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013.

(iv) Foreign technical collaborations.

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

For **P. S. RAO & ASSOCIATES**

Place: Hyderabad
Date: May 11, 2018

P. S. Rao
ACS No: 9769
CP No: 3829

'ANNEXURE A'

To
The Members,
NEULAND LABORATORIES LIMITED,
Sanali Info Park, 'A' Block, Ground Floor, 8-2-120/113,
Road No. 2, Banjara Hills,
Hyderabad – 500034.

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Account of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **P. S. RAO & ASSOCIATES**

P. S. Rao
ACS No: 9769
CP No: 3829

Place: Hyderabad
Date: May 11, 2018

ANNEXURE 1

Nomination and Remuneration Policy

The Remuneration/Compensation Committee of Neuland Laboratories Limited ("the Company"), consisting of three independent directors, was rechristened as Nomination and Remuneration Committee by the Board at its meeting held on February 5, 2014.

1. OBJECTIVE

The Nomination and Remuneration Committee and this Policy are in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto ("**The Act**") and Clause 49 under the Listing Agreement.

The key objectives of the Committee are:

1.1 To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.

1.2 To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.

1.3 To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

1.4 To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.

1.5 To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

1.6 To assist the Board in fulfilling its responsibilities.

2. DEFINITIONS

2.1 Act means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.

2.2 Board means Board of Directors of the Company.

2.3 Directors mean Directors of the Company.

2.4 Key Managerial Personnel means

Chief Executive Officer or the Managing Director or the Manager;

Whole-time director;

Chief Financial Officer;

Company Secretary; and

such other officer as may be prescribed.

2.5 **Senior Management** means Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors including Functional Heads.

3. ROLE OF COMMITTEE

3.1 The role of the Committee inter alia will be the following:

a. to formulate a criteria for determining qualifications, positive attributes and independence of a Director.

b. to recommend to the Board the appointment and removal of Senior Management

c. to carry out evaluation of Director's performance and recommend to the Board appointment / removal based on his / her performance.

d. to recommend to the Board on (i) policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management and (ii) Executive Directors remuneration and incentive.

e. to make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;

f. ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks,

g. to devise a policy on Board diversity;

h. to develop a succession plan for the Board and to regularly review the plan;

Policy for appointment and removal of Director, KMP and Senior Management

3.2 Appointment criteria and qualifications

a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.

b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

3.3 Term / Tenure

a) Managing Director/Whole-time Director

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

b) Independent Director

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

At the time of appointment of Independent Director it shall be ensured that number of Boards on which such Independent Director serves is as may be prescribed under the Act and / or the Listing Agreement.

3.4 Evaluation

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

3.5 Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

3.6 Retirement

The Directors, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

3.7 Policy relating to the Remuneration for the Managing / Whole-time Director, KMP and Senior Management Personnel

The Remuneration Policy of the Company for managerial personnel is primarily based on the following:

- Performance of the Company, its divisions and units
- Performance and potential of individual managers, and,
- External competitive environment

General

a. The remuneration/compensation/commission, etc., to the Managing / Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval at the time of appointment. The remuneration /compensation / commission etc. of the Managing / Whole Time Director shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

b. The remuneration and commission to be paid to the Whole-time Directors shall be in accordance with the provisions of the Act.

c. Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which would be within the limits approved by the Shareholders in the case of Whole-time Directors and as per the Policy of the Company in case of others.

d. Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

Remuneration to Managing / Whole-time Director, KMP and Senior Management Personnel

a. **Fixed pay:** The Managing / Whole-time Director, KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

b. **Minimum Remuneration:** If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

c. **Provisions for excess remuneration:** If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without appropriate approvals, the Committee shall recommend the due course of action to the Board as and when required.

Remuneration to Non- Executive / Independent Director

a. **Remuneration / Commission:** The remuneration / commission shall be fixed as per the limits and conditions mentioned in the Articles of Association of the Company and the Act.

b. **Sitting Fees:** The Non- Executive / Independent Director may receive Sitting fees for attending meetings of Board or Committee thereof, provided that the amount of such fees shall not exceed the amount as may be prescribed by the Central Government from time to time.

c. **Commission:** Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.

d. **Stock Options:** An Independent Director shall not be entitled to any stock option of the Company.

4. MEMBERSHIP

The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent. Minimum two members shall constitute a quorum for the Committee meeting. Membership of the Committee shall be disclosed in the Annual Report. Term of the Committee shall be continued unless terminated by the Board of Directors.

5. CHAIRPERSON

The Chairperson of the Committee shall be an Independent Director. The Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee. In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.

6. FREQUENCY OF MEETINGS

The meeting of the Committee shall be held at such regular intervals as may be required.

7. COMMITTEE MEMBERS' INTERESTS

A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

8. SECRETARY

The Company Secretary of the Company shall act as Secretary of the Committee.

9. VOTING

Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

In the case of equality of votes, the Chairman of the meeting will have a casting vote.

10. NOMINATION COMMITTEE DUTIES

The duties of the Committee in relation to nomination matters include:

a. Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;

b. Ensuring that on appointment to the Board, independent directors receive a formal letter of appointment in accordance with the guidelines provided under the Act;

c. Identifying and recommending Directors who are to be put forward for retirement by rotation.

d. Determining the appropriate size, diversity and composition of the Board;

e. Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;

f. Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;

g. Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;

h. Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.

i. Delegating any of its powers to one or more of its members or the Secretary of the Committee;

j. Recommend any necessary changes to the Board; and

k. Considering any other matters, as may be requested by the Board.

11. REMUNERATION DUTIES

The duties of the Committee in relation to remuneration matters include:

a. to consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.

b. to approve the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.

c. to delegate any of its powers to one or more of its members or the Secretary of the Committee.

d. to consider any other matters as may be requested by the Board.

f. Professional indemnity and liability insurance for Directors and senior management.

12. MINUTES OF COMMITTEE MEETING

Proceedings of all meetings must be minuted and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

Notes

Independent Auditor's Report

To the Members of Neuland Laboratories Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying Standalone Financial Statements of Neuland Laboratories Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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 Standalone Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone 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 Standalone 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 the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these Standalone 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 controls 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 these Standalone Financial Statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, of the state of affairs of the Company as at 31 March 2018, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

9. We draw attention to note 37 to the standalone financial statements, which describes that the Scheme of Amalgamation and Arrangement (the "Scheme") entered between Neuland Health Sciences Private Limited, Neuland Pharma Research Private Limited (collectively Transferor Companies"), and the Company, approved by the Hon'ble National Company Law Tribunal, Hyderabad Bench. Pursuant to the terms of the Scheme, the amalgamation is accounted as per the 'Purchase Method' prescribed under Accounting Standard 14 - Accounting for Amalgamations (AS 14) specified under Section 133 of the Act. Our opinion is not modified in respect of this matter.

Other Matter

10. The Company had prepared separate sets of statutory financial statements for the year ended 31 March 2017 and 31 March 2016 in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) on which we issued auditor's reports to the shareholders of the Company dated 12 May 2017 and 20 May 2016 respectively. These financial statements have been adjusted to give effect to the Scheme and for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have also been audited by us. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

11 As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.

12. Further to our comments in Annexure I, as required by Section 143(3) of the Act, we report that:

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

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

c) the Standalone Financial Statements dealt with by this report are in agreement with the books of account;

d) in our opinion, the aforesaid Standalone Financial Statements comply with Ind AS specified under Section 133 of the Act;

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

f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 11 May 2018 as per Annexure II expressed unmodified opinion; and

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

   i. the Company, as detailed in Note 41 to the Standalone Financial Statements, has disclosed the impact of pending litigations on its financial position;

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

   iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and

   iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Sanjay Kumar Jain**
Partner
Membership No.: 207660

Place: Hyderabad
Date: 11 May 2018

Annexure I to the Independent Auditor's Report

of even date to the members of Neuland Laboratories Limited, on the standalone financial statements for the year ended 31 March 2018

Annexure 1

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

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

(b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.

(c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company except for the immovable properties which were transferred as a result of amalgamation of transferor companies as stated in note 37 to the standalone financial statements wherein the tittle deeds are in the name of the erstwhile company and another immovable property (which is included under the head 'capital work in progress') which was acquired during the current year as stated in note 44 to the Standalone Financial Statements.

Immovable property included under Property, plant and equipment:

(₹ in lakhs)

Nature of property	Whether leasehold / freehold	Gross block as on 31 March 2018	Net block on 31 March 2018	Remarks
Land	Freehold	3.30	3.30	The title deeds of the land are in the name of Neuland Health Sciences Private Limited, erstwhile Company that was merged with the Company. Further, the title of the land is under dispute in respect of which we have been informed by the management of the Company that they have filed a writ petition with Honorable High Court of Andhra Pradesh.
Land	Freehold	87.23	87.23	The title deeds are in the name of Neuland Pharma Research Private Limited, erstwhile Company that was merged with the Company.
Building	Freehold	672.27	672.27	

Immovable property included in capital work-in-progress:

(₹ in lakhs)

Nature of property	Whether leasehold / freehold	Amount	Remarks
Land	Freehold	801.40	As detailed in note 44 to the financial statements, the management is in the process of mutation of the title for the acquired immovable property (i.e., land and building) in the Company's name.
Building	Freehold	3,564.50	

(ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit and no material discrepancies between physical inventory and book records were noticed on physical verification.

(iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

(iv) In our opinion, the Company has complied with the provisions of Section 186 in respect of investments. Further, in our opinion, the Company has not entered into any transaction covered under Section 185 and Section 186 of the Act in respect of loans, guarantees and security.

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

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) The dues outstanding in respect of income-tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount	Amount paid under Protest	Period to which the amount relates	Forum where dispute is pending
		₹ in lakhs	₹ in lakhs		
Finance Act, 1994	Service tax	119.32	55.45	2007-15	The Hon'able High Court of the combined State of Andhra Pradesh and Telangana
		5.70	-	2004-05 to 2008-09	CESTAT, Bangalore
Income tax Act, 1961	Income tax	18.13	-	AY 1998-99	The Hon'ble High Court of the combined state of Andhra Pradesh and Telangana
		81.64	-	AY 2001-02	
		14.52	-	AY 2002-03	
		693.33	-	AY 2004-05	
		19.01	-	AY 2012-13	Commissioner (Appeals), Hyderabad

(viii) The Company has not defaulted in repayment of loans or borrowings to any financial institution or a bank during the year. The Company did not have any outstanding debentures during the year.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained.

(x) No fraud by the Company or on the company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the standalone financial statements etc., as required by the applicable Ind AS.

(xiv) During the year, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

(xv) In our opinion, the company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xvi) The company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Sanjay Kumar Jain**
Partner
Membership No.: 207660

Place: Hyderabad
Date: 11 May 2018

Annexure II to the Independent Auditor's report

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

1. In conjunction with our audit of the standalone financial statements of Neuland Laboratories Limited ('the Company') as at and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

5. 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 IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR 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 IFCoFR include 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

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Sanjay Kumar Jain**
Partner
Membership No.: 207660

Place: Hyderabad
Date: 11 May 2018

Balance Sheet as at 31 March 2018

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

	Note	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
ASSETS				
Non-current assets				
Property, plant and equipment	3	**16,376.23**	15,495.51	14,895.61
Capital work in progress	36	**12,609.45**	1,960.06	4,047.87
Investment property	36	**2,981.39**	2,981.39	-
Goodwill	37	**27,946.10**	27,946.10	27,946.10
Other intangible assets	4	**178.44**	131.92	50.23
Financial assets				
(i) Investments	5	**55.84**	54.14	756.01
(ii) Loans	6	**302.26**	304.71	293.82
Non-current tax assets		**931.56**	1,009.99	390.40
Other non-current assets	7	**1,040.23**	1,176.67	1,085.85
Total non-current assets		**62,421.50**	51,060.49	49,465.89
Current assets				
Inventories	8	**17,508.79**	13,511.27	12,746.20
Financial Assets				
(i) Investments	5	**750.00**	750.00	-
(ii) Trade receivables	9	**19,392.27**	18,111.15	12,770.73
(iii) Cash and cash equivalents	10	**308.43**	299.58	629.30
(iii) Other bank balances	11	**1,396.81**	904.81	754.97
(v) Other financial assets	12	**395.64**	297.28	218.54
Other current assets	7	**4,920.98**	3,550.31	5,022.73
Total current assets		**44,672.92**	37,424.40	32,142.47
Total assets		**107,094.42**	88,484.89	81,608.36
EQUITY AND LIABILITIES				
Equity				
Equity share capital	13	**895.49**	895.49	895.39
Other equity	14	**23,497.52**	22,297.17	17,760.68
Equity suspense account	37	**31,084.99**	31,084.99	31,084.99
Total equity		**55,478.00**	54,277.65	49,741.06
Liabilities				
Non-current liabilities				
Financial liabilities				
(i) Borrowings	15	**10,348.82**	2,980.72	3,319.12
(ii) Other financial liabilities	16	**-**	20.00	20.00
Provisions	17	**987.00**	927.60	811.10
Deferred tax liabilities	18	**1,214.43**	1,454.69	219.26
Other non-current liabilities	20	**2,028.00**	-	-
Total non-current liabilities		**14,578.25**	5,383.01	4,369.48

Balance Sheet as at 31 March 2018

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

	Note	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Current liabilities				
Financial liabilities				
(i) Borrowings	15	**19,920.26**	15,107.90	12,362.90
(ii) Trade payables	19	**12,901.23**	8,864.43	8,878.27
(iii) Other financial liabilities	16	**2,950.65**	2,269.69	3,034.60
Other current liabilities	20	**1,106.57**	2,441.15	2,886.09
Provisions	17	**159.46**	141.06	132.65
Current tax liability (net)		**-**	-	203.31
Total current liabilities		**37,038.17**	28,824.23	27,497.82
Total equity and liabilities		**107,094.42**	88,484.89	81,608.36

The accompanying notes referred to above form an integral part of the standalone financial statements

This is the Balance Sheet referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants

per **Sanjay Kumar Jain**
Partner

Place: Hyderabad
Date: 11 May 2018

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

Dr. D. R. Rao
Chairman & Managing Director

D. Sucheth Rao
Vice Chairman and CEO

D. Saharsh Rao
Joint Managing Director

Amit Agarwal
Chief Financial Officer

Sarada Bhamidipati
Company Secretary

Place: Hyderabad
Date: 11 May 2018

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

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

	Notes	For the year ended	
		31 March 2018	31 March 2017
Income			
Revenue from operations	21	52,916.15	58,772.51
Other income	22	453.45	116.81
Total income		**53,369.60**	**58,889.32**
Expenses			
Cost of materials consumed	23	28,109.42	27,020.70
Excise duty		175.47	883.97
Changes in inventories of finished goods and work-in-progress	24	(4,272.41)	(730.81)
Employee benefits expense	25	9,572.79	8,491.71
Finance costs	26	1,892.13	2,107.77
Depreciation and amortisation expense	3 & 4	2,210.35	1,922.81
Manufacturing expenses	27	8,149.10	7,067.90
Other expenses	28	6,178.72	5,470.10
Total expenses		**52,015.57**	**52,234.15**
Profit before tax		**1,354.03**	**6,655.17**
Tax expense	29		
Current tax		422.92	1,012.15
Deferred tax expense / (benefit)		(249.70)	1,004.62
Profit for the year		**1,180.81**	**4,638.40**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement gains/(losses) on defined benefit plans		27.28	(37.88)
Equity instruments through other comprehensive income		1.70	48.13
Tax on items that will not be reclassified to profit or loss		(9.44)	6.22
Total other comprehensive income for the year, net of tax		**19.54**	**16.46**
Total comprehensive income for the year		**1,200.35**	**4,654.86**
Earnings per equity share [EPES] (in absolute ₹ terms)	30		
Par value per share		10	10
Basic EPES		10.59	41.58
Diluted EPES		10.59	41.58

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

This is the Statement of Profit and Loss referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants

per **Sanjay Kumar Jain**
Partner

Place: Hyderabad
Date: 11 May 2018

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

Dr. D. R. Rao
Chairman & Managing Director

D. Sucheth Rao
Vice Chairman and CEO

D. Saharsh Rao
Joint Managing Director

Amit Agarwal
Chief Financial Officer

Sarada Bhamidipati
Company Secretary

Place: Hyderabad
Date: 11 May 2018

Cash Flow Statement for the year ended 31 March 2018

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

	For the year ended	
	31 March 2018	**31 March 2017**
Cash flow from operating activities		
Profit before tax	**1,354.03**	**6,655.17**
Adjustments:		
Depreciation and amortisation expense	2,210.35	1,922.81
Interest income	(78.88)	(105.78)
Loss on sale of fixed assets, net	16.51	13.28
Finance costs	1,892.13	2,107.77
Unrealised foreign exchange (gain)/loss, net	(115.26)	306.98
Unrealised (gain) / loss on forward contracts	(2.28)	25.00
Provision towards doubtful trade receivables	34.80	-
Provision for employee benefits	77.80	124.91
Operating cash flows before working capital changes	**5,389.20**	**11,050.14**
Changes in loans	2.45	(10.89)
Changes in other non-current assets	124.26	(86.39)
Changes in inventories	(3,997.52)	(765.07)
Changes in trade receivables	(1,225.10)	(5,685.12)
Changes in other current assets	(1,370.67)	1,472.42
Changes in trade payables	4,061.24	23.88
Changes in other financial assets	(120.91)	(10.67)
Changes in other financial liabilities	(59.24)	(18.65)
Changes in other current liabilities	(1,334.58)	(444.94)
Cash generated from operating activities	**1,469.13**	**5,524.72**
Income-taxes paid, net	(317.21)	(1,635.90)
Net cash generated from operating activities (A)	**1,151.92**	**3,888.82**
Cash flows from investing activities		
Purchase of property, plant and equipment and other intangible assets	(13,359.78)	(4,112.69)
Proceeds from sale of property, plant and equipment	93.61	13.92
Advance received for sale of investment property	2,028.00	-
Movement in other bank balances	(492.01)	(149.77)
Interest income received	101.43	37.71
Net cash used in investing activities (B)	**(11,628.75)**	**(4,210.83)**
Cash flows from financing activities		
Proceeds from issue of equity shares	-	3.76
Proceeds from short-term borrowings, net	4,812.36	2,745.00
Proceeds from long-term borrowings	10,723.86	2,279.40
Repayment of long-term borrowings	(2,826.58)	(2,795.45)
Dividend paid	-	(122.04)
Interest paid	(2,223.96)	(2,118.38)
Net cash generated from / (used in) financing activities (C)	**10,485.68**	**(7.71)**
Net (decrease)/ increase in cash and cash equivalents during the year (A + B + C)	**8.85**	**(329.72)**
Cash and cash equivalents at the beginning of the year	299.58	629.30
Cash and cash equivalents at the end of the year (Note 1)	**308.43**	**299.58**

Cash Flow Statement for the year ended 31 March 2018

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

	For the year ended	
	31 March 2018	**31 March 2017**
Note 1		
Cash and cash equivalents includes		
Cash on hand	4.27	3.43
Balances with banks in current accounts	304.16	296.15
	308.43	**299.58**

This is the Cash Flow Statement referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants

per **Sanjay Kumar Jain**
Partner

Place: Hyderabad
Date: 11 May 2018

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

Dr. D. R. Rao
Chairman &
Managing Director

D. Sucheth Rao
Vice Chairman and CEO

D. Saharsh Rao
Joint Managing
Director

Amit Agarwal
Chief Financial Officer

Sarada Bhamidipati
Company Secretary

Place: Hyderabad
Date: 11 May 2018

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

(All amounts in ₹ lakhs, except for share data or as otherwise stated)

A Equity Share Capital

	Number of shares	Amount
As at 1 April 2016 *	**8,883,254**	**895.39**
Changes in equity share capital	1,000	0.10
As at 31 March 2017	**8,884,254**	**895.49**
Changes in equity share capital	-	-
As at 31 March 2018	**8,884,254**	**895.49**

* includes ₹7.06 received towards forfeiture of equity shares during the earlier years

B Other Equity

	Reserves and Surplus					Other Comprehensive Income		
	Capital reserve	Securities premium reserve	General reserve	Revaluation reserve	Retained earnings	FVOCI - equity instruments	Remeasurement of defined benefit plans	Total
Balance as at 1 April 2016	**3.32**	**6,632.68**	**2,789.65**	**83.89**	**8,255.45**	**1.43**	**(5.74)**	**17,760.68**
Profit for the year	-	-	-	-	4,638.40	-	-	4,638.40
Additions during the year	-	3.66	-	-	-	-	-	3.66
Dividend paid *	-	-	-	-	(85.87)	-	-	(85.87)
Corporate dividend tax	-	-	-	-	(36.17)	-	-	(36.17)
Other comprehensive income ("OCI")	-	-	-	-	-	48.13	(37.88)	10.25
Income tax relating to items of OCI	-	-	-	-	-	(6.89)	13.11	6.22
Balance as at 31 March 2017	**3.32**	**6,636.34**	**2,789.65**	**83.89**	**12,771.81**	**42.67**	**(30.51)**	**22,297.17**
Profit for the year	-	-	-	-	1,180.81	-	-	1,180.81
Other comprehensive income	-	-	-	-	-	1.70	27.28	28.98
Income tax relating to items of OCI	-	-	-	-	-	-	(9.44)	(9.44)
Balance as at 31 March 2018	**3.32**	**6,636.34**	**2,789.65**	**83.89**	**13,952.62**	**44.37**	**(12.67)**	**23,497.52**

* net of dividend aggreagting to ₹91.80 paid to Neuland Health Sciences Private Limited, the erstwhile Holding Company.

This is the Statement of Changes in Equity referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants

per **Sanjay Kumar Jain**
Partner

Place: Hyderabad
Date: 11 May 2018

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

Dr. D. R. Rao
Chairman & Managing Director

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D. Saharsh Rao
Joint Managing Director

Amit Agarwal
Chief Financial Officer

Sarada Bhamidipati
Company Secretary

Place: Hyderabad
Date: 11 May 2018

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

1. General information

Neuland Laboratories Limited ("the Company") is a public company domiciled in India and incorporated in accordance with the provisions of the erstwhile Companies Act, 1956. The Company's registered office is at Sanali Info Park, 'A' Block, Ground Floor, 8-2-120/113, Road No 2, Banjara Hills, Hyderabad – 500 034. Its shares are listed on two recognised stock exchanges of India, the National Stock Exchange of India Limited and BSE Limited. The Company is engaged in manufacturing and selling of bulk drugs and caters to both domestic and international markets.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards ("Ind AS") as notified under Section 133 of the Companies Act 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules 2015, as amended, issued by the Ministry of Corporate Affairs ('MCA').

For all periods up to and including the year ended 31 March 2017, the Company has prepared its financial statements in accordance with accounting standards notified under the Section 133 of the Act, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP). These financial statements for the year ended 31 March 2018 are the first, which the Company has prepared in accordance with Ind AS (see note 47 for explanation for transition to Ind AS). For the purpose of comparatives, financial statements for the year ended 31 March 2017 are also prepared under Ind AS.

These financial statements have been prepared for the Company as a going concern on the basis of relevant Ind AS that are effective at the Company's annual reporting date 31 March 2018.

These financial statements have been prepared on the historical cost convention and on an accrual basis except for the following material items in the balance sheet:

- Certain financial assets and liabilities which are measured at fair value;
- Net defined benefit assets / (liability) are measured at fair value of plan assets, less present value of defined benefit obligations.

(i) Use of estimates and judgements

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note (e), (f) and (g) — Useful lives of property, plant and equipment, investment properties, goodwill and other intangible assets;
- Note (i) – Impairment;
- Note (k) — Financial instruments;
- Note (n) — Employee benefits;
- Note (p) – Provisions, contingent liabilities and contingent assets; and
- Note (q) — Income taxes

(ii) Summary of significant accounting policies

The financial statements have been prepared using the accounting policies and measurement basis summarized below.

a. Functional currency

The financial statements are presented in Indian Rupee ('INR' or '₹') which is also the functional and presentation currency of the Company. All financial information presented in Indian rupees has been rounded to the nearest lakhs, unless otherwise stated.

b. Current and non-current classification

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Division II – Ind AS Schedule III to the Act. The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An **asset** is classified as current when it is:

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

A **liability** is classified as current when:

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

Current assets / liabilities include the current portion of non-current assets / liabilities respectively. All other assets / liabilities including deferred tax assets and liabilities are classified as non-current.

c. Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting period are translated into the functional currency at the exchange rate at that date. Non-monetary items denominated in foreign currencies which are carried at historical cost are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or any other similar valuation denominated in a foreign currency are reported using the exchange rates at the date when the fair value was measured.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the statement of profit and loss in the year in which they arise.

d. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the collectability is reasonably assured.

Sale of goods

Revenue from sale of goods in the course of ordinary activities is recognized when property in the goods or all significant risks and rewards of their ownership are transferred to the customer, usually on delivery of goods, there is neither continuing management involvement to the degree usually associated with ownership nor effective control over the goods sold, or when delivery is delayed at the buyer's request and the buyer takes title and accepts the invoice. Revenue is measured at the fair value of the consideration received or receivable net of returns, discounts, rebates and applicable indirect taxes. Revenue for the year ended 31 March 2018 includes excise duty levied on goods manufactured upto 30 June 2017 in accordance with erstwhile Central Excise Act 1944.

Rendering of services

evenue from services are recognized as and when services are rendered and related costs are incurred, in accordance with the terms of the specific contracts with the customers.

Export incentives

Income from export incentives are recognized when the right to receive credit as per the terms of the scheme is established and where there is certainty of realization.

Interest income

Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable. For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR) method.

Dividend income

Dividend income is recognised when the Company's right to receive the payment is established, which is generally, when shareholders approve the dividend.

e. Property, plant and equipment (PPE)

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, taxes (other than those subsequently recoverable from tax authorities), borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

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

Any gain or loss on disposal of an item of PPE is recognised in statement of profit or loss.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation

Depreciation on items of PPE is provided on the straight-line method, computed on the basis of useful lives as estimated by the management which coincides with the useful lives mentioned in Schedule II to the Companies Act, 2013.

Depreciation on additions / disposals is provided on a pro-rata basis i.e. from / upto the date on which asset is ready for use / disposed-off.

The residual values, useful lives and method of depreciation of are reviewed at each financial year-end and adjusted prospectively, if appropriate.

f. Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. When the use of a property changes from owner occupied to investment property, the property is reclassified as investment property at it's carrying amount on the date of reclassification.

g. Goodwill and other intangible assets

Other intangible assets are stated at cost of acquisition less accumulated amortization and impairment. Other intangible assets comprising of computer software expenditure is amortized over a period of three years. Goodwill arising on business combination is recorded at excess of the consideration paid over the fair value of the net assets taken-over and is subsequently measured at cost less accumulated impairment losses, if any.

h. Leases

A lease that transfers substantially all the risks and rewards incidental to ownership to the lessee is classified as finance lease. All other leases are classified as operating leases.

Operating lease payments are generally recognised as an expense in the statement of profit or loss on a straight-line basis over the lease term. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which the benefits accrue. Contingent rentals arising under operating leases are also recognised as expenses in the periods in which they are incurred.

i. Impairment

Impairment of non-financial assets

The carrying amounts of the Company's tangible and intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit for which the estimates of future cash flows have not been adjusted. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

An impairment loss is recognised in the statement of profit or loss if the estimated recoverable amount of an asset or its cash generating unit is lower than its carrying amount. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been previously recognised.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss ("ECL") model for measurement and recognition of impairment loss on financial assets measured at amortised cost.

Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime expected credit losses. For all other financial assets, ECL are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

Loss allowance for financial assets measured at amortised cost are deducted from gross carrying amount of the assets.

j. Inventories

Inventories consist of raw materials, stores and spares, work-in-progress and finished goods are measured at the lower of cost and net realisable value. The cost of all categories of inventories is based on the weighted average method. Cost includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity. Stores and spares, that do not qualify to be recognised as property, plant and equipment, consists of engineering spares (such as machinery spare parts) and consumables or consumed as indirect materials in the manufacturing process.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

k. Financial instruments

Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value and, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- fair value through other comprehensive income ("FVTOCI") – debt investment;
- FVTOCI – equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

Amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in Other Income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss.

FVTOCI – debt investment

A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Company recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit or loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit or loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method

Equity investment

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVTOCI – equity investment). This election is made on an investment by- investment basis.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, including foreign exchange gain or loss and excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit or loss.

FVTPL

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit or loss. Any gain or loss on derecognition is also recognised in statement of profit or loss.

De-recognition

Financial assets

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

Financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

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

Derivative financial instruments and hedge accounting

The Company uses derivative financial instruments such as forward exchange contracts and interest rate risk exposures to hedge its risk associated with foreign currency fluctuations and changes in interest rates. Derivatives are initially measured at fair value and subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in statement of profit or loss, since the company's hedging instruments did not qualify for hedge accounting in accordance with the Ind-AS 39. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Cash and cash equivalents

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

Dividend distribution to equity holders of the Company

The Company recognises a liability to make dividend distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

l. Investments in the nature of equity in subsidiaries

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

m. Borrowing costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

n. Employee benefits

Defined contribution plan

The Company's contributions to defined contribution plans are recognised as an expense as and when the services are received from the employees entitling them to the contributions.

Defined benefit plan

The liability in respect of defined benefit plans is calculated using the projected unit credit method with actuarial valuations being carried out at the end of each annual reporting period. The Company recognises the net obligation of a defined benefit plan as a liability in its balance sheet. Gains or losses through remeasurement of the net defined benefit liability are recognised in other comprehensive income and are not reclassified to profit and loss in the subsequent periods. The effect of any plan amendments are recognised in the statement of profit and loss.

o. Government grants

The Company recognises government grants only when there is reasonable assurance that the conditions attached to them will be complied with, and the grants will be received. Government grants received in-relation to assets are presented as a reduction to the carrying amount of the related asset. Grants related to reimbursement of expenses incurred are recognized in statement of profit and loss as other income.

p. Provisions, contingent liabilities and contingent assets

Provisions are recognized only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company; or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are neither recognized nor disclosed. However, when realization of income is virtually certain, related asset is recognized.

q. Income taxes

Tax expense recognized in statement of profit or loss consists of current and deferred tax except to the extent that it relates to items recognised in OCI or directly in equity, in which case it is recognised in OCI or directly in equity respectively.

Calculation of current tax is based on tax rates and tax laws that have been enacted for the reporting period and any adjustment to tax payable in respect of previous years. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Withholding tax arising out of payment of dividends to shareholders under the Indian Income tax regulations is not considered as tax expense for the Company and all such taxes are recognised in the statement of changes in equity as part of the associated dividend payment.

Minimum Alternate Tax ('MAT') credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each Balance Sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

r. Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are not depreciated or amortised.

s. Research and development expense

Expenditure on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding is recognized as expense when incurred. Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if:

- The product or the process is technically and commercially feasible;
- Future economic benefits are probable and ascertainable;
- The Company intends to and has sufficient resources, technical and financial, to complete development of the product and has the ability to use or sell the asset; and
- Development costs can be measured reliably.

t. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential ordinary shares

(iii) **Standards, not yet effective and have not been adopted early by the Company**

a. Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On 28 March 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from 1 April 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

b. Ind AS 115- Revenue from Contract with Customers:

Applicable from 1 April 2018. The Core principle of the new standard is that revenue should be recognized when (or as) an entity transfers control of goods or services to a customer at an amount to which the entity expects to be entitled. To achieve the core principle the new standard establishes a five step model that entities would need to apply to determine when to recognise revenue, and at what amount. Applying this core principle involves the 5 steps approach.

i. The standard requires to identify contract with customer as a first step.

ii. Having identified a contract, the entity next identifies the performance obligations within that contract. A performance obligation is a promise in a contract with a customer to transfer either a good or service or bundle of goods or services, that are 'distinct'.

iii. Third step in the model is to determine the transaction price and then as a fourth step, such transaction price needs to be allocated to the performance obligation identified in step 2.

iv. In accordance with this Standard, entity is required to recognise revenue when the entity satisfies the performance obligations.

The Standard requires extensive disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The effect on adoption of Ind AS 115 is expected to be insignificant

c. Ind AS 12: Income Taxes

Ind AS 12, Income taxes, has been amended to provide guidance on recognition of deferred tax assets for unrealised losses. The existing standard provides that an entity recognises deferred tax assets only when it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. The amended standard provides that when an entity assesses whether taxable profits will be available against which it can utilise a deductible temporary difference, it considers whether tax law restricts the source of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. If tax law restricts the utilisation of losses to deduction against income of a specific type, a deductible temporary difference is assessed in combination only with other deductible temporary differences of the appropriate type. It further provides that while estimating probable future taxable profit, an entity may include the recovery of some of entity's assets for more than their carrying amount if there is sufficient evidence that it is probable that the entity will achieve this. The amendments are applicable retrospectively for annual periods beginning on or after 1 April 2018. These amended rules also state that an entity is permitted to apply these amendments retrospectively also in accordance with Ind AS 8. The effect on adoption of amendments to Ind AS 12 is expected to be insignificant.

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

3. Property, plant and equipment

	Freehold land	Buildings	Plant and equipment	Lab equipments	Office equipment	Furniture and fixtures	Vehicles	Computers	Total
Deemed carrying amount									
At 1 April 2016	435.19	5,642.11	7,562.12	754.82	22.88	60.35	236.53	181.61	**14,895.61**
Additions	-	199.11	2,106.19	-	5.08	15.49	326.38	33.57	**2,685.82**
Disposals/retirement	189.38	-	0.28	-	7.16	-	22.61	19.67	**239.10**
Balance as at 31 March 2017	**245.81**	**5,841.22**	**9,668.03**	**754.82**	**20.80**	**75.84**	**540.30**	**195.51**	**17,342.33**
Additions	-	474.97	1,791.87	366.42	7.88	15.65	284.25	183.89	**3,124.93**
Disposals/retirement	-	-	71.19	54.63	-	-	228.21	22.47	**376.51**
Balance as at 31 March 2018	**245.81**	**6,316.19**	**11,388.71**	**1,066.61**	**28.68**	**91.49**	**596.34**	**356.93**	**20,090.75**
Accumulated depreciation									
Charge for the year	-	245.77	1,265.69	185.14	5.51	10.24	87.80	69.19	**1,869.34**
Adjustments for disposals/retirement	-	-	0.09	-	3.23	-	3.14	16.06	**22.52**
Balance as at 31 March 2017	**-**	**245.77**	**1,265.60**	**185.14**	**2.28**	**10.24**	**84.66**	**53.13**	**1,846.82**
Charge for the year	-	252.47	1,527.42	158.94	8.60	10.23	130.85	45.58	**2,134.09**
Adjustments for disposals/retirement		-	62.60	45.85	-	-	136.60	21.35	**266.39**
Balance as at 31 March 2018	**-**	**498.24**	**2,730.42**	**298.23**	**10.88**	**20.47**	**78.91**	**77.36**	**3,714.52**
Net book value as at 1 April 2016	435.19	5,642.11	7,562.12	754.82	22.88	60.35	236.53	181.61	14,895.61
Net book value as at 31 March 2017	245.81	5,595.45	8,402.43	569.68	18.52	65.60	455.64	142.38	15,495.51
Net book value as at 31 March 2018	**245.81**	**5,817.95**	**8,658.29**	**768.38**	**17.80**	**71.02**	**517.43**	**279.57**	**16,376.23**
Deemed cost as on 1 April 2016									
Gross block as on 1 April 2016	275.06	6,934.62	18,654.99	2,021.16	136.49	112.18	373.88	404.80	**28,913.18**
Add: Additions pursuant to the scheme of amalgamation (refer note 37 & 38)	160.13	599.97	271.36	-	-	6.46	-	30.57	**1,068.49**
Less: Accumulated depreciation till 1 April 2016	-	1,892.48	11,364.23	1,266.34	113.61	58.29	137.35	253.76	**15,086.06**
Net block considered as deemed cost upon transition	**435.19**	**5,642.11**	**7,562.12**	**754.82**	**22.88**	**60.35**	**236.53**	**181.61**	**14,895.61**

Summary of significant accounting policies and other explanatory information
(All amounts in ₹ lakhs, except of share data or as otherwise stated)

4. Other intangible assets

	Computer Software	Total
Deemed carrying amount		
As at 1 April 2016	**50.23**	**50.23**
Additions	135.16	135.16
Balance as at 31 March 2017	**185.39**	**185.39**
Additions	122.78	122.78
Balance as at 31 March 2018	**308.17**	**308.17**
Accumulated amortization		
Amortization charge for the year	53.47	53.47
Balance as at 31 March 2017	**53.47**	**53.47**
Amortization charge for the year	76.26	76.26
Balance as at 31 March 2018	**129.73**	**129.73**
Net carrying amount		
Net book value as at 1 April 2016	50.23	50.23
Net book value as at 31 March 2017	131.92	131.92
Net book value as at 31 March 2018	**178.44**	**178.44**
Deemed cost as on 1 April 2016		
Gross block as on 1 April 2016	264.35	264.35
Less: Accumulated depreciation till 1 April 2016	214.12	214.12
Net block considered as deemed cost upon transition	**50.23**	**50.23**

Summary of significant accounting policies and other explanatory information
(All amounts in ₹ lakhs, except of share data or as otherwise stated)

5. Investments

	As at		
	31 March 2018	**31 March 2017**	**1 April 2016**
I Investments in equity instruments, unquoted, fully paid up			
Investments in subsidiaries, at cost			
300,000 (31 March 2017: 300,000) (1 April 2016: 300,000) equity shares of Japan Yen 10 each in Neuland Laboratories K.K., Japan, representing 100% shareholding	15.37	15.37	15.37
1,000 (31 March 2017: 1,000) (1 April 2016: 1,000) equity shares of USD 1 each in Neuland Laboratories Inc., USA, representing 100% shareholding	0.45	0.45	0.45
	15.82	**15.82**	**15.82**
Investment in other companies, at FVTOCI			
2,200 (31 March 2017: 2,200) (1 April 2016: 2,200) equity shares of ₹100 each in Jeedimetla Effluent Treatment Limited	2.20	2.20	2.20
209,136 (31 March 2017: 209,136) (1 April 2016: 209,136) equity shares of ₹10 each in Patancheru Enviro Tech Limited	20.91	20.91	20.91
402,000 (31 March 2017: 402,000) (1 April 2016: 402,000) equity shares of ₹10 each in Andhra Pradesh Gas Power Corporation Limited	750.00	750.00	704.04
	773.11	**773.11**	**727.15**
II Investments in Government securities, at FVTOCI	1.61	1.61	1.61
III Investment in mutual funds, unquoted, at FVTOCI			
100,000 (31 March 2017: 100,000) (1 April 2016: 100,000) units of ₹10 each in SBI Mutual Fund	15.30	13.60	11.43
Total investments (I+II+III)	**805.84**	**804.14**	**756.01**
Current	750.00	750.00	-
Non Current	55.84	54.14	756.01
	805.84	**804.14**	**756.01**
Aggregate amount of quoted investments and market value thereof	-	-	-
Aggregate book value of unquoted investments	754.58	754.58	754.58
Aggregate amount of impairment in the value of investments	-	-	-

Note:

Pursuant to a resolution passed by the Board of Directors of the Company at their meeting held on 10 February 2017, the management has decided to divest their entire holding in Andhra Pradesh Gas Corporation Limited and accordingly, the investment has been reclassified as Current.

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

6. Loans

	As at		
	31 March 2018	31 March 2017	1 April 2016
(Unsecured, considered good)			
Non-current			
Security deposits	287.47	289.92	279.03
Advances with Group Companies	14.79	14.79	14.79
	302.26	**304.71**	**293.82**

7. Other assets

	As at		
	31 March 2018	31 March 2017	1 April 2016
Non-current			
Prepaid expenses	-	-	56.73
Capital Advances	18.74	30.92	26.49
Balances with government authorities	999.19	1,123.45	980.33
Other receivables	22.30	22.30	22.30
	1,040.23	**1,176.67**	**1,085.85**
Current			
Prepaid expenses	488.66	348.86	309.82
Balances with government authorities	2,518.41	1,366.67	2,402.14
Advance to suppliers	1,043.77	1,061.43	1,519.19
Export benefits receivable	739.52	698.29	741.22
Other advances	130.62	75.06	50.36
	4,920.98	**3,550.31**	**5,022.73**

8. Inventories

	As at		
	31 March 2018	31 March 2017	1 April 2016
Raw materials	3,087.22	3,517.12	3,580.95
Work-in-progress	9,411.66	5,674.99	5,254.44
Finished goods	4,360.38	3,824.64	3,514.38
Stores and consumables	649.53	494.52	396.42
	17,508.79	**13,511.27**	**12,746.20**

9. Trade receivables

	As at		
	31 March 2018	31 March 2017	1 April 2016
(Unsecured)			
Unsecured, Considered Good	19,392.27	18,111.15	12,770.73
Doubtful	379.19	348.92	341.59
	19,771.46	**18,460.07**	**13,112.32**
Less: Allowance for doubtful debts	(379.19)	(348.92)	(341.59)
	19,392.27	**18,111.15**	**12,770.73**

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

10. Cash and cash equivalents

	As at		
	31 March 2018	31 March 2017	1 April 2016
Balances with banks in current accounts	304.16	296.15	625.48
Cash on hand	4.27	3.43	3.82
	308.43	**299.58**	**629.30**

11. Bank balances other than cash and cash equivalents

	As at		
	31 March 2018	31 March 2017	1 April 2016
Unpaid dividend account	8.27	8.28	8.21
Deposits with a maturity period of over 3 months but less than 12 months*	1,388.54	896.53	746.76
	1,396.81	**904.81**	**754.97**

* Represents deposits held as margin money with the banks

12. Other financial assets

	As at		
	31 March 2018	31 March 2017	1 April 2016
Current			
Interest accrued but not due on bank deposits	264.06	286.61	218.54
Unbilled revenue	131.58	10.67	-
	395.64	**297.28**	**218.54**

13. Equity share capital

	As at					
	31 March 2018		31 March 2017		1 April 2016	
	Number	Amount	Number	Amount	Number	Amount
Authorized share capital *						
Equity shares of ₹10 each	44,000,000	4,400.00	10,000,000	1,000.00	10,000,000	1,000.00
Cummulative redeemable preference shares of ₹100 each	-	-	300,000	30.00	300,000	30.00
Cumulative or non-cumulative and redeemable or otherwise preference shares of ₹100 each	-	-	300,000	30.00	300,000	30.00
Issued share capital						
Equity shares of ₹10 each	9,077,799	907.78	9,077,799	907.78	9,076,799	907.68
Subscribed share capital						
Equity shares of ₹10 each	8,987,530	898.75	8,987,530	898.75	8,986,530	898.65
Fully paid-up share capital						
Equity shares of ₹10 each	8,884,254	888.43	8,884,254	888.43	8,883,254	888.33
Add: Forfeited equity shares of ₹10 each	103,276	7.06	103,276	7.06	103,276	7.06
		895.49		**895.49**		**895.39**

* As per the Scheme of Amalgamation and Arrangement duly approved by the National Company Law Tribunal ("NCLT") (refer note 37), the authorized share capital of the Company has been increased from 10,000,000 equity shares of ₹10 each to 44,000,000 equity shares of ₹10 each, further the authorized share capital of 300,000 cummulative redeemable preference shares of ₹100 each and 300,000 cumulative or non-cumulative and redeemable or otherwise preference shares of ₹100 each has been cancelled.

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

Reconciliation of number of equity shares outstanding at the beginning and at the end of the year

	As at					
	31 March 2018		31 March 2017		1 April 2016	
	Number	Amount	Number	Amount	Number	Amount
Equity shares						
Balance at the beginning of the year	8,884,254	888.43	8,883,254	888.33	8,883,254	888.33
Add: Shares issued during the year	-	-	1,000	0.10	-	-
Balance at the end of the year	**8,884,254**	**888.43**	**8,884,254**	**888.43**	**8,883,254**	**888.33**

Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to prior consent from consortium and the approval of the shareholders in the ensuing general meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts in proportion of their shareholding.

Details of shareholders holding more than 5% equity shares in the Company **

	As at					
	31 March 2018		31 March 2017		1 April 2016	
Name of the equity shareholders	Number	% holding	Number	% holding	Number	% holding
Dr. D R Rao	3,178,262	28.49%	2,953,382	26.48%	3,159,218	28.32%
Evolvence Life Sciences India Fund LLP	-	-	2,256,917	20.23%	2,256,917	20.23%
Malabar India Fund Limited	920,150	8.25%	-	-	-	-
Steadview Capital Mauritius Limited	635,817	5.70%	-	-	-	-
Davuluri Vijaya Rao	613,338	5.50%	613,338	5.50%	613,338	5.50%

** The above disclosure represents details of shareholders holding more than five percent equity shares post giving effect to the Scheme of Amalgamation and Arrangement duly approved by NCLT as detailed in note 37.

Employee stock option scheme ("ESOP")

Pursuant to a resolution passed by the Board of Directors and members of the Company at the meeting of the Board of Directors and the Annual General Meeting of the members held on 20 July 2007, the Company had introduced Employee Stock Option Scheme ("the scheme") for certain permanent employees and directors of the Company and its subsidiaries, duly determined by the Compensation Committee/Board. Each option, on exercise, is convertible into one equity share of the Company having face value of ₹10 each. Pursuant to a resolution passed by the Remuneration and Compensation Committee on 17 November 2008, 34,500 options had been granted at an exercise price of ₹104 per equity share, which was the market price as on the date of the grant. Accordingly, the Company has not recognized any expense on account of grant of stock options.

Changes in number of shares representing stock options outstanding as at the year ended 31 March 2018 were as follows:

	Number of options
Outstanding options as at 1 April 2016	2,500
Exercised	1,000
Lapsed	1,500
Outstanding options as at 31 March 2017	-
Exercised	-
Lapsed	-
Outstanding options as at 31 March 2018	-

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

14. Other equity

	As at		
	31 March 2018	**31 March 2017**	**1 April 2016**
Reserve and surplus			
Capital reserve	3.32	3.32	3.32
Securities premium reserve	6,636.34	6,636.34	6,632.68
General reserve	2,789.65	2,789.65	2,789.65
Revaluation reserve	83.89	83.89	83.89
Retained earnings	13,952.62	12,771.81	8,255.45
Total reserve and surplus	**23,465.82**	**22,285.01**	**17,764.99**
Other comprehensive income			
FVOCI - equity instruments	44.37	42.67	1.43
Remeasurement of defined benefit obligations	(12.67)	(30.51)	(5.74)
Total other comprehensive income	**31.70**	**12.16**	**(4.31)**
	23,497.52	**22,297.17**	**17,760.68**

Nature and purpose of reserves

Capital reserve

Capital reserve was created on account of merger of Neuland Drugs & Pharmaceuticals Private Limited with the Company. The Company uses capital reserve for transactions in accordance with the provisions of the Act.

Securities premium reserve

The amount received in excess of face value of the equity shares is recognised in securities premium reserve. In case of equity-settled share based payment transactions, the difference between fair value on grant date and face value of share is accounted as securities premium reserve. This reserve is utilised in accordance with the provisions of the Act.

General reserve

General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.

Revaluation reserve

Revaluation reserve was created on account of revaluation of certain property, plant and equipment during the earlier years.

FVOCI equity instruments

The Company has elected to recognise the change in fair value of certain investments in other comprehensive income. These changes are accumulated within the FVOCI equity instruments reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity instruments are derecognised.

Remeasurement of defined benefit obligations

The reserve represents the remeasurement gains/(losses) arising from the actuarial valuation of the defined benefit obligations of the Company. The remeasurement gains/(losses) are recognized in other comprehensive income and accumulated under this reserve within equity. The amounts recognized under this reserve are not reclassified to statement of profit or loss.

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

15. Borrowings

	As at		
	31 March 2018	31 March 2017	1 April 2016
Non-current			
Secured			
Term loans			
From banks	11,750.14	1,880.00	2,075.00
From others parties	187.49	2,087.97	2,431.37
Other loans			
From banks	6.65	20.82	79.30
From others parties	55.94	114.15	33.32
	12,000.22	**4,102.94**	**4,618.99**
Less: Current maturities of long-term borrowings	1,651.40	1,122.22	1,299.87
	10,348.82	**2,980.72**	**3,319.12**

(a) Terms and conditions of loans and nature of security

(i) Term loans outstanding to the tune of ₹828.98 (31 March 2017: ₹1,000.00) (1 April 2016: ₹Nil) is secured by way of first charge on property, plant and equipment (both present and future). The loan is repayable in 20 quaterly installments commencing from June 2017.

(ii) Term loans outstanding to the tune of ₹Nil (31 March 2017: ₹1,928.72) (1 April 2016: ₹2,452.25) is secured by way of first charge on the property, plant and equipment (both present and future) and second charge (hypothecation) on the current assets of the Company. The loan is repayable in 48 equal quarterly installments commencing from 8 February 2016, however the Company has prepaid the loan during the year ended 31 March 2018.

(iii) Term loans outstanding to the tune of ₹640.00 (31 March 2017: ₹880.00) (1 April 2016: ₹Nil) is secured by pari-passu first charge on property, plant and equipment (both present and future) and second charge (hypothecation) on the current assets of the Company. The loan is repayable in 18 quarterly installment commencing from September 2016.

(iv) Term loans amounting to ₹Nil (31 March 2017: ₹Nil) (1 April 2016: ₹1,700.00) is secured by pari-passu first charge on property, plant and equipment (both present and future) and second charge (hypothecation) on the current assets held by the Company. The loan is repayable in 14 quarterly instalments commencing from September 2015.

(v) Term loans amounting to ₹Nil (31 March 2017: ₹Nil) (1 April 2016: ₹375.00) is secured by first pari passu charge by way of mortgage and hypothecation over all property, plant and equipment (both present and future) of the Company, exclusive charge on identifed property, plant and equipment. The loan is repayable in 20 equal quarterly installments commencing from 29 September 2013, however the Company has prepaid the loan during the year ended 31 March 2017.

(vi) Term loans outstanding to the tune of ₹8,813.00 (31 March 2017: ₹Nil) (1 April 2016: ₹Nil) is secured by pari-passu first charge on property, plant and equipment (both present and future) and second charge (hypothecation) on the current assets of the Company. The loan is repayable in 28 quarterly installment commencing from March 2019.

(vii) Term loans outstanding to the tune of ₹1,350.57 (31 March 2017: ₹Nil) (1 April 2016: ₹Nil) is secured by pari-passu first charge on property, plant and equipment (both present and future) and second charge on current assets of the Company. The loan is repayable in 29 quarterly installments commencing from 8 September 2017.

(viii) All the above term loans are also secured by way of personal guarantees extended by Dr. D.R.Rao and Mr. D. Sucheth Rao. Further certain loans were secured by corporate guarantee of Neuland Health Sciences Private Limited ('NHSPL') and Neuland Pharma Research Private Limited ('NPRPL'), pari-passu charge of 200,000 equity shares of the Company held by NHSPL. However, pursuant to the Scheme of Amalgamation pronounced by NCLT, Hyderabad Bench, Hyderabad on 21 March 2018, NHSPL & NPRPL were merged with the Company with appointed date of 1 April 2016 and accordingly the Corporate Guarantee of NHSPL & NPRPL as a covenant for borrowings stands extinguished. Moreover, pari passu charge of 200,000 equity shares of the Company held by NHSPL also stand extingushed & shall be replaced with equivalent 200,000 equity shares of the Company held by Dr. D R Rao in favour of the lenders.

(ix) Vehicles loans outstanding to the tune of ₹367.67 (31 March 2017: ₹307.03) (1 April 2016: ₹112.62) are secured by hypothecation of specific vehicles against which the loans are availed. Vehicle loans are repayable in instalments ranging from 23 to 84 months from the date of the loan.

(x) All the above loans carry interest in the range of 6.70% to 12.5% per annum (31 March 2017: 12.3 % to 13.5 % per annum) (1 April 2016: 12.9% to 14.6% per annum).

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

(xi) Details of repayment of non current borrowings *

	As at		
	31 March 2018	**31 March 2017**	**1 April 2016**
Up to 1 year	1,651.40	1,122.22	1,299.87
From 1 to 3 years	4,214.77	2,848.38	2,652.83
3 years and above	6,134.05	145.16	687.17
	12,000.22	**4,115.76**	**4,639.87**

* excludes ₹Nil (31 March 2017: ₹12.82), (1 April 2016: ₹20.88) representing transaction costs incurred towards origination of the borrowings and deducted from the carrying amount of borrowings on initial recognition in accordance with Ind AS 109.

	As at		
	31 March 2018	**31 March 2017**	**1 April 2016**
Current			
Secured loans from banks	19,920.26	15,107.90	12,362.90
	19,920.26	**15,107.90**	**12,362.90**

(i) Loans outstanding represent cash credit, packing credit and foreign bill discounting facility availed with various banks and carry interest linked to the respective Bank's prime / base lending rate, and range from 3.42% to 12.05% (31 March 2017: 2.95% to 13.45% per annum) (1 April 2016: 2.32% to 13.65% per annum).

(ii) Loans are secured by way of pari passu first charge on all the current assets of the Company and pari-passu second charge on Company's property, plant and equipment and personal guarantees extended by Dr. D.R.Rao and Mr. D. Sucheth Rao. Further the loans were secured by corporate guarantee of NHSPL and NPRPL, pari-passu charge of 200,000 equity shares of the Company held by NHSPL. However, pursuant to the Scheme of Amalgamation pronounced by NCLT, Hyderabad Bench, Hyderabad on 21 March 2018, NHSPL & NPRPL were merged with the Company with appointed date of 1 April 2016 and accordingly the Corporate Guarantee of NHSPL & NPRPL as a covenant for borrowings stands extinguished. Moreover, pari passu charge of 200,000 equity shares of the Company held by NHSPL also stand extingushed & shall be replaced with equivalent 200,000 equity shares of the Company held by Dr. D R Rao in favour of the lenders.

16. Other financial liabilities

	As at		
	31 March 2018	**31 March 2017**	**1 April 2016**
Non-current			
Others	-	20.00	20.00
	-	**20.00**	**20.00**
Current			
Current maturities of long-term debt (refer note 15)	1,651.40	1,122.22	1,299.87
Interest accrued but not due	4.84	16.98	27.59
Unclaimed dividends	8.27	8.28	8.21
Creditors for capital goods	555.57	350.12	933.19
Employee related liabilities	268.79	276.67	218.48
Accrual for expenses	461.78	495.42	547.25
	2,950.65	**2,269.69**	**3,034.60**

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

17. Provisions

	As at		
	31 March 2018	**31 March 2017**	**1 April 2016**
Non-current			
Gratuity (refer note (a))	846.29	772.55	665.81
Compensated absences	140.71	155.05	145.29
	987.00	**927.60**	**811.10**
Current			
Gratuity (refer note (a))	91.42	66.08	56.11
Compensated absences	68.04	74.98	76.54
	159.46	**141.06**	**132.65**

(a) Gratuity

The Company has a defined benefit funded gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawna salary) for each completed year of service. The Company has subscribed to a group gratuity scheme of Life Insurance Corporation of India (LIC). Under the said policy, the eligible employees are entitled for gratuity upon their resignation or in the event of death in lumpsum after deduction of necessary taxes upto a maxmium limit of ₹20 (31 March 2017: ₹10; 1April 2016: ₹10).

The following table set out the status of the gratuity plan and the reconciliation of opening and closing balances of the present value and defined benefit obligation.

(i) Change in projected benefit obligation

	As at		
	31 March 2018	**31 March 2017**	**1 April 2016**
Projected benefit obligation at the beginning of the year	858.71	739.08	674.37
Service cost	119.06	108.13	76.94
Interest cost	64.41	54.45	52.61
Actuarial (gain) / loss	(25.75)	38.95	9.84
Benefits paid	(56.83)	(81.90)	(74.68)
Projected benefit obligation at the end of the year	**959.60**	**858.71**	**739.08**

(ii) Change in plan assets

Fair value of plan assets at the beginning of the year	20.08	17.16	17.63
Value adjustment	(0.08)	(1.46)	(1.92)
Expected return on plan assets	1.53	1.07	1.06
Employer contributions	45.49	61.50	71.00
Benefits paid	(45.13)	(58.19)	(70.61)
Fair value of plan assets at the end of the year	**21.89**	**20.08**	**17.16**

(iii) Reconciliation of present value of obligation on the fair value of plan assets

Present value of projected benefit obligation at the end of the year	959.60	858.71	739.08
Funded status of the plans	(21.89)	(20.08)	(17.16)
Net liability recognised in the balance sheet	**937.71**	**838.63**	**721.92**

(iv) Expense recognized in the statement of profit and loss

Service cost	119.06	108.13	76.94
Interest cost	64.41	54.45	52.61
Expected returns on plan assets	(1.53)	(1.07)	(1.06)
Net gratuity costs	**181.94**	**161.51**	**128.49**

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

(v) Expense recognized in OCI

	As at		
	31 March 2018	**31 March 2017**	**1 April 2016**
Recognized net actuarial (gain)/ loss	(27.28)	37.88	8.78
	(27.28)	**37.88**	**8.78**

(vi) Key actuarial assumptions

Discount rate	7.72%	7.50%	7.90%
Expected return on plan assets	8.00%	8.00%	8.00%
Salary escalation rate	4.00%	4.00%	4.00%

(vii) Sensitivity Analysis

Impact on defined benefit obligation	959.60	858.71	739.08
Delta effect of +1% change in discount rate	902.79	805.81	693.55
Delta effect of -1% change in discount rate	1,023.13	917.88	790.00
Delta effect of +1% change in salary escalation rate	1,063.91	953.94	821.04
Delta effect of -1% change in salary escalation rate	869.30	775.42	667.39
Delta effect of +1% change in rate of employee turnover	995.59	890.81	766.70
Delta effect of -1% change in rate of employee turnover	920.45	822.62	708.02

(viii) Maturity analysis of projected benefit obligation

1 year	51.70	31.81	27.38
2 to 5 years	169.19	141.24	121.56
6 to 10 years	214.40	174.90	150.53
More than 10 years	524.32	510.76	439.60

The significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate, salary escalation rate and the average life expectancy. The calculation of the net defined benefit liability is sensitive to these assumptions. However, the impact of these changes is not ascertained to be material by the management.

18. Deferred tax liabilities, (net)

	As at		
	31 March 2018	**31 March 2017**	**1 April 2016**
Deferred tax liabilities arising on account of :			
Property, plant and equipment and Goodwill	6,390.73	4,511.46	1,998.23
Deferred tax assets arising on account of :			
MAT credit	(2,127.91)	(1,705.00)	(1,224.10)
Employee benefits	(562.73)	(412.69)	(438.13)
Provision for trade receivables and advances	(131.23)	(120.75)	(113.70)
Unabsorbed business losses	(1,686.69)	(138.32)	-
Investment properties	(666.56)	(666.56)	-
Others	(1.17)	(13.45)	(3.04)
Deferred tax liabilities, net	**1,214.43**	**1,454.69**	**219.26**

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

19. Trade payables

	As at		
	31 March 2018	31 March 2017	1 April 2016
Dues to micro and small enterprises	26.23	19.07	43.78
Others	12,875.00	8,845.36	8,834.49
	12,901.23	**8,864.43**	**8,878.27**

The Micro and Small Enterprises have been identified on the basis of information available with the Company. This has been relied upon by the auditors. Details of dues to such parties are given below:

	As at		
	31 March 2018	31 March 2017	1 April 2016
The principal amount remaining unpaid as at the end of the year	26.23	19.07	43.78
The amount of interest accrued and remaining unpaid at the end of the year	-	-	-
Amount of interest paid by the company in terms of Section 16, of (MSMED Act 2006) along with the amounts of payments made beyond the appointed date during the year.	-	-	-
Amount of interest due and payable for the period of delay in making payment without the interest specified under the (MSMED Act 2006)	-	-	-
The amount of further interest remaining due and payable in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under Section 23 of the (MSMED Act 2006)	-	-	-

20. Other current liabilities

	As at		
	31 March 2018	31 March 2017	1 April 2016
Non-current			
Advance from customers (Refer note 36)	2,028.00	-	-
	2,028.00	**-**	**-**
Current			
Advance from customers	881.65	2,097.30	2,532.36
Statutory liabilities	224.92	343.85	353.73
	1,106.57	**2,441.15**	**2,886.09**

21. Revenue from operations

	For the year ended	
	31 March 2018	31 March 2017
Sale of products	48,990.24	56,582.30
Sale of services	2,169.58	778.25
Other operating revenues		
Sale of impurities	176.42	135.85
Export incentives	1,463.78	1,176.94
Scrap sales	116.13	99.17
	52,916.15	**58,772.51**

Revenue from operations for the year ended 31 March 2018 is not comparable with revenue from operations for the corresponding year ended 31 March 2017, as the comparitive year include amount of excise duty which is not included for the period from 1 July 2017 till 31 March 2018 after implementation of Goods and Service Tax.

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

22. Other income

	For the year ended	
	31 March 2018	**31 March 2017**
Interest income	78.88	105.78
Incentive under MAI Scheme	97.07	-
Other non-operating income	277.50	11.03
	453.45	**116.81**

23. Cost of raw materials consumed*

	For the year ended	
	31 March 2018	**31 March 2017**
Raw materials at the beginning of the year	3,517.12	3,580.95
Add: Purchases during the year	27,679.52	26,956.87
Less: Raw materials at the end of the year	3,087.22	3,517.12
	28,109.42	**27,020.70**

* Disclosed based on derived figures, rather than actual records of issue.

24. Changes in inventories of finished goods and work-in-progress

	For the year ended	
	31 March 2018	**31 March 2017**
Opening stock		
- Finished goods	3,824.64	3,514.38
- Work-in-progress	5,674.99	5,254.44
	9,499.63	**8,768.82**
Closing balance		
- Finished goods	4,360.38	3,824.64
- Work-in-progress	9,411.66	5,674.99
	13,772.04	**9,499.63**
	(4,272.41)	**(730.81)**

25. Employee benefits expense

	For the year ended	
	31 March 2018	**31 March 2017**
Salaries and wages	8,542.87	7,598.86
Contribution to provident and other funds	355.44	353.83
Gratuity expense	181.94	161.51
Staff welfare expenses	492.54	377.51
	9,572.79	**8,491.71**

26. Finance costs

	For the year ended	
	31 March 2018	**31 March 2017**
Interest expense	1,625.66	1,453.21
Other borrowing costs	586.16	654.56
	2,211.82	**2,107.77**
Less: Borrowing costs capitalized *	(319.69)	-
	1,892.13	**2,107.77**

The Company has capitalised borrowing costs with respect to its qualifying assets. The rate for capitalisation of borrowing cost was approximately 9.50%.

Summary of significant accounting policies and other explanatory information
(All amounts in ₹ lakhs, except of share data or as otherwise stated)

27. Manufacturing expenses

	For the year ended	
	31 March 2018	**31 March 2017**
Consumption of stores and spare parts	3,558.84	2,826.49
Power and fuel	2,595.44	2,577.69
Carriage inwards	97.60	106.05
Repairs and maintenance		
- Buildings	148.55	192.77
- Plant and equipment	483.24	365.46
- Others	610.82	537.23
Effluent treatment charges	647.71	457.99
Testing charges	6.90	4.22
	8,149.10	**7,067.90**

28. Other expenses

	For the year ended	
	31 March 2018	**31 March 2017**
Rent	210.30	202.97
Corporate Social Responsibility ('CSR') expenditure (refer note 42)	23.16	56.33
Rates and taxes	206.39	185.99
Travelling and conveyance	934.06	987.68
Legal and professional fees (refer note 43)	1,383.02	924.14
Insurance	258.90	179.98
Advertisement	35.28	6.85
Sales promotion expenses including commission	1,866.75	1,764.18
Freight and forwarding charges	588.49	542.56
Provision for doubtful debts and advances, net	34.80	-
Foreign exchange loss, net	51.34	96.27
Loss on sale of assets, net	16.51	13.28
Directors commission	15.00	30.00
Sitting fees	30.30	12.10
Miscellaneous expenses	524.42	467.77
	6,178.72	**5,470.10**

29. Income tax

	For the year ended	
	31 March 2018	**31 March 2017**
Income tax expense recognised in the statement of profit and loss consists of the following:		
Current income tax	422.91	1,012.15
Deferred tax expense / (benefit)	(249.70)	1,004.62
Total tax expense for the year	**173.22**	**2,016.77**

The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 34.608% and the reported tax expense in the statement of profit and loss is as follows:

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

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

	For the year ended	
	31 March 2018	**31 March 2017**
Profit before tax	1,354.03	6,655.17
Tax at the Indian tax rate (34.608%)	468.60	2,303.22
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Weighted deduction under section 35(2AB)	(306.54)	(100.16)
Loss absorbed at low tax rate	-	44.73
Earlier year carried forward losses recognized	-	(138.33)
Investment properties	-	(341.96)
Impact on account of earlier years taxes	-	180.41
Expenses disallowed	20.07	39.77
Others	(8.92)	29.09
Income tax expense	**173.22**	**2016.77**

30. Earnings per equity share (EPES)

	For the year ended	
	31 March 2018	**31 March 2017**
(a) Net profit attributable to equity shareholders	1,180.81	4,638.40
(b) **Computation of weighted average number of equity shares:**		
Weighted average number of equity shares outstanding during the year	11,154,889	11,154,325
Add: Effect of potential dilutive shares	-	-
Weighted average number of equity shares adjusted for the effect of dilution	11,154,889	11,154,325
(c) EPES (in absolute ₹):		
Basic	10.59	41.58
Diluted	10.59	41.58

* Weighted average number of shares considered for the year ended 31 March 2018 and 31 March 2017 includes 2,270,635 equity shares to be issued pursuant to the Scheme of Amalgamation and Arrangement with an appointed date of 1 April 2016.

31. Fair value measurements

(i) Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for financial instruments.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

(ii) Financial assets and financial liabilities measured at fair value

	31 March 2018		31 March 2017		1 April 2016	
	Level 1	Level 3	Level 1	Level 3	Level 1	Level 3
Financial assets / (liabilities)						
Investments	15.30	774.72	13.60	774.72	11.43	728.76
Forward contracts	-	2.28	-	(25.00)	-	-

Financial instruments by category

For amortised cost instruments, carrying value represents the best estimate of fair value.

	31 March 2018		31 March 2017		1 April 2016	
	FVOCI	Amortised cost	FVOCI	Amortised cost	FVOCI	Amortised cost
Financial assets						
Investments	790.02	-	788.32	-	740.19	-
Loans	-	302.26	-	304.71	-	293.82
Trade receivables	-	19,392.27	-	18,111.15	-	12,770.73
Cash and cash equivalents	-	308.43	-	299.58	-	629.30
Other bank balances	-	1,396.81	-	904.81	-	754.97
Other financial assets	-	395.64	-	297.28	-	218.54
Total financial assets	**790.02**	**21,795.41**	**788.32**	**19,917.53**	**740.19**	**14,667.36**

	31 March 2018		31 March 2017		1 April 2016	
	FVTPL	Amortised cost	FVTPL	Amortised cost	FVTPL	Amortised cost
Financial liabilities						
Borrowings	-	30,269.08	-	18,088.62	-	15,682.02
Trade payables	-	12,901.23	-	8,864.43	-	8,878.27
Other financial liabilities	-	2,950.65	25.00	2,264.69	-	3,054.60
Total financial liabilities	**-**	**46,120.96**	**25.00**	**29,217.74**	**-**	**27,614.89**

The Company's principal financial liabilities, comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, cash and cash equivalents and other bank balances that derive directly from its operations. The Company also holds FVTOCI investments and investment in its subsidiary.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's Board of Directors oversees the management of these risks. The Company's Board of Directors is supported by the senior management that advises on financial risks and the appropriate financial risk governance framework for the Company. The senior management provides assurance to the Company's Board of Directors that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

32. Financial instruments risk management

A. Market risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk. Financial instruments affected by market risk include borrowings, deposits, trade receivables and other financial instruments.

The sensitivity analyses in the following sections relate to the position as at 31 March 2018 and 31 March 2017. The analysis exclude the impact of movements in market variables on the carrying values of gratuity and other post retirement obligations; provisions; and non-financial assets and liabilities.

i. Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has loan facilities on floating interest rate, which exposes the Company to risk of changes in interest rates. The management monitors the interest rate movement and manages the interest rate risk based on its policies, which include entering into interest rate swaps as considered necessary. The Company's investment in deposits with banks are for short durations and therefore do not expose the Company to significant interest rate risk. Below are the details of exposure to fixed rate and variable rate instruments:

Particulars	31 March 2018	31 March 2017	1 April 2016
Fixed rate instruments			
Financial assets	1,388.54	896.53	746.76
Financial liabilities	367.67	2,222.94	2,431.37
Variable rate instruments			
Financial liabilities	31,552.81	16,987.90	14,437.90

Every 0.5% increase/decrease in the interest rate component applicable to the variable rate borrowings would effect the Company's net profit before tax resulting in an expense/income of ₹157.76 and ₹84.94 for the year ended 31 March 2018 and 31 March 2017 respectively.

ii. Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure shall fluctuate because of change in foreign exchange rates. The Company's exposure to the risk of change in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in foreign currency). The Company is exposed to exchange rate risk that arises from its foreign exchange revenues and expenses, primarily denominated in US Dollars, Euros, Japanese Yen, Great British Pound and Swiss Franc. The Company uses foreign exchange forward contracts to hedge its exposure in foreign currency risk.

a) Significant unhedged foreign currency risk exposure relating to financial assets and financial liabilities expressed in ₹ terms are as follows:

Financial assets			
Trade receivables	**31 March 2018**	**31 March 2017**	**1 April 2016**
- USD	11,189.75	12,777.38	6,564.42
- GBP	1.09	157.81	-
- EUR	2,088.57	766.24	397.69
Financial Liabilities			
Trade and other payables	**31 March 2018**	**31 March 2017**	**1 April 2016**
- USD	2,592.16	2,449.02	2,119.20
- EUR	14.29	8.93	12.77
- GBP	54.20	29.54	(3.07)
- CHF	0.10	-	(10.47)
- JPY	57.87	15.09	32.96
Borrowings	**31 March 2018**	**31 March 2017**	**1 April 2016**
- USD	11,443.25	7,324.39	382.83
- EUR	287.58	-	-

b) Derivative financial instruments

The following table gives details in respect of outstanding derivate contracts. The counterparty for these contracts are banks.

(Amounts in lakhs)

	Buy	31 March 2018	31 March 2017	1 April 2016
Derivatives not designated as hedges				
Forward contract	GBP	GBP 1.97	GBP 1.95	-
Forward contract	USD	US $ 9.62	US $ 17.43	-
Interest rate swaps	USD	US $20.98	-	-

(A) Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in USD and Euro exchange rates, with all other variables held constant. The Company's exposure to foreign currency changes for all other currencies is not material.

Particulars	Impact on profit after tax for the year ended	
	31 March 2018	31 March 2017
USD sensitivity		
₹/USD - Increase by 5%	429.88	516.42
₹/USD - Decrease by 5%	(429.88)	(516.42)
EUR sensitivity		
₹/EUR - Increase by 5%	103.71	37.87
₹/EUR - Decrease by 5%	(103.71)	(37.87)

B. Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company, leading to a financial loss. The Company is mainly exposed to the risk of its balances with the bankers and trade and other receivables. None of the Company's cash equivalents, other bank balances, loans and security deposits were past due or impaired as at 31 March 2018, 31 March 2017 and 1 April 2016.

Ageing of trade receivables is as follows:

	31 March 2018	31 March 2017	1 April 2016
Neither past due nor impaired	12,428.06	11,450.09	9,230.99
Past due not impaired:			
0-180 days	5,284.42	4,735.18	3,521.67
Greater than 180 days	1,679.79	1,925.88	18.07
	19,392.27	**18,111.15**	**12,770.73**

C. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The Company's principal sources of liquidity are the cash flows generated from operations. Further the Company also has long term borrowings and working capital facilities which the management believes are sufficient for its current requirments. Accordingly, no liquidity risk.

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

31 March 2018	Up to 1 year	From 1 to 3 years	More than 3 years	Total
Borrowings	19,920.26	4,214.77	6,134.05	**30,269.08**
Trade and other payables	12,901.23	-	-	**12,901.23**
Other financial liabilities	2,950.65	-	-	**2,950.65**
Total	**35,772.14**	**4,214.77**	**6,134.05**	**46,120.96**

31 March 2017	Up to 1 year	From 1 to 3 years	More than 3 years	Total
Borrowings	15,107.90	2,848.38	145.16	**18,101.44**
Trade and other payables	8,864.43	-	-	**8,864.43**
Other financial liabilities	2,269.69	20.00	-	**2,289.69**
Total	**26,242.02**	**2,868.38**	**145.16**	**29,255.56**

1 April 2016	Up to 1 year	From 1 to 3 years	More than 3 years	Total
Borrowings	12,362.90	2,652.83	687.17	**15,702.90**
Trade and other payables	8,878.27	-	-	**8,878.27**
Other financial liabilities	3,034.60	20.00	-	**3,054.60**
Total	**24,275.77**	**2,672.83**	**687.17**	**27,635.77**

33. Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Hence, the Company may adjust any dividend payments, return capital to shareholders or issue new shares or sell assets to reduce debt. Total capital is the equity as shown in the statement of financial position.Currently, the Company primarily monitors its capital structure on the basis of the following gearing ratio. Management is continuously evolving strategies to optimize the returns and reduce the risks. It includes plans to optimize the financial leverage of the Company.

The capital for the reporting year under review is summarized as follows:

	As at		
	31 March 2018	**31 March 2017**	**1 April 2016**
Total borrowings	31,920.48	19,210.84	16,981.89
Less: Cash and cash equivalents	(308.43)	(299.58)	(629.30)
Net debt	**31,612.05**	**19,510.42**	**17,611.19**
Total equity	55,478.00	54,277.65	49,741.06
Net debt to equity ratio	**56.98%**	**35.95%**	**35.41%**

34. Segment reporting

In accordance with Ind AS 108 - 'Operating segments', segment information has been given in the consolidated financial statements of the Company and therefore no separate disclosure on segment information is given in these standalone financial statements.

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

35. Research and development expenses

Details of research and development expenses (excluding depreciation and amortisation expense) incurred during the year and included under various heads of expenditures are given below:

	For the period ended	
	31 March 2018	31 March 2017
Salaries and wages	817.91	726.04
Consumption of raw materials and consumables	342.34	213.91
Power and fuel	244.82	157.99
Repairs and maintenance	-	97.29
	1,405.07	**1,195.22**

36. Investment properties

Opening balances of land and capital work-in-progress include amounts aggregating to ₹189.38 and ₹2,792.01, respectively, representing the cost incurred towards development and construction activity at the Company's land situated at Nanakramguda, Hyderabad, duly allotted by Telangana State Industrial Infrastructure Corporation Limited ("TSIIC") (erstwhile Andhra Pradesh Industrial Infrastructure Corporation Limited). However, owing to certain unavoidable reasons, the construction work had been temporarily suspended during the prior years.

The Company, on the basis of an approval received from TSIIC, has entered into a Joint Development Agreement (JDA) with a Developer for development of IT Park at the Company's land. Subsequently the Company has entered into Supplementary Development Agreement ("SDA") with the Developer and its nominees, and is entitled to a fixed leasable / saleable area of minimum 0.33 million sq.ft., subject to the terms and conditions of the SDA. Further, the Company has agreed to sell 0.12 million sq. ft from it's own share at ₹0.02 per sq. ft to the Developer nominees on completion of the construction work and has received advance of ₹2,028 towards the proposed sale as at 31 March 2018. The Developer has resumed the construction work, based on receipt of approvals and clearances from the concerned authorities. The management, on the basis of its assessment of the end use of its share in the proposed project has reclassified the entire value of land and balance of capital work-in-progress as an investment property as at 31 March 2018.

Management expects the fair value of investment property under construction is reliably measurable when construction is complete, accordingly management has determined that it shall measure the fair value of investment property under construction at the earliest of either when construction is completed or when its fair value becomes reliably measurable.

37. Amalgamation of Neuland Health Sciences Private Limited and Neuland Pharma Research Private Limited

Pursuant to the Scheme of Amalgamation and Arrangement (the "Scheme") u/s 391 to 394 of the Companies Act, 1956 and u/s 52 of the Companies Act, 2013 for amalgamation of erstwhile Neuland Health Sciences Private Limited ("NHSPL"), Holding Company and Neuland Pharma Research Private Limited ("NPRPL"), a fellow subsidiary ("Transferor Companies") with the Company, with effect from 1 April 2016 (Appointed Date), as sanctioned by the Hon'ble National Company Law Tribunal ("NCLT"), Hyderabad Bench on 21 March 2018, all the assets, liabilities of Transferor Companies were transferred to and vested in the Company, on an going concern basis. NHSPL was engaged in the business of providing research services and marketing of peptides and NPRPL in the business of research and contract manufacturing services to pharmaceutical companies.

The amalgamation has been accounted under the "Purchase Method" as per the then prevailing Accounting Standard 14 - Accounting for Amalgamations, as referred to in the Scheme approved by the Hon'ble NCLT, Hyderabad Bench. Accordingly the assets and liabilities of NHSPL and NPRPL have been recorded at their fair value as on Appointed Date and all amounts owed to/owed by the Company to Transferor Companies and vice versa as at the Appointed Date has been adjusted.

Amalgamation of NHSPL & NPRPL

The purchase consideration of ₹31,084.99 payable by way of issue of 2,270,635 equity shares of ₹10 each [in accordance with the Scheme, 4,590,608 equity shares of ₹10 each held by NHSPL in the Company stands cancelled and the Company shall issue 6,861,095 and 148 fully paid-up equity shares of ₹10 each to the shareholders of NHSPL and NPRPL respectively] at a premium of ₹1,359 per equity share has been disclosed as Equity Suspense Account under Other Equity.

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

(i) The amalgamation has resulted in transfer of assets and liabilities in accordance with the terms of the Scheme at the following summarised values:

	As at 1 April 2016	
	NHSPL	**NPRPL**
Assets		
Property, plant and equipment	71.57	997.07
Cash and bank balances	59.75	420.50
Inventories	4.64	75.28
Trade receivables	32.38	827.52
Loans and advances and other assets	988.86	1,425.38
Less: Liabilities		
Trade payables, other liabilities and provisions	111.67	1,652.39
Net assets taken over	**1,045.53**	**2,093.36**

Computation of goodwill:

	As at 1 April 2016
Value of equity shares to be issued as per the Scheme	31,084.99
* (2,270,635 equity shares of the Company of ₹10 each at a premium of ₹1,359 per share)	
Less: Net assets taken over	(3,138.89)
Goodwill- excess of consideration over net assets taken over by the Company	**27,946.10**

(ii) **Below is the reconciliation of the carrying amount of goodwill:**

	As at	
	31 March 2018	**31 March 2017**
Opening balance	27,946.10	-
Add: Due to acquisition during the year	-	27,946.10
Less: Impairment/write off	-	-
Closing balance	**27,946.10**	**27,946.10**

'The recoverable amount of goodwill has been assessed using a value-in-use model. Value in use is calculated as the net present value of the projected post-tax cash flows plus a terminal value of the cash generating unit to which the goodwill is allocated. Initially a post-tax discount rate is applied to calculate the net present value of the post-tax cash flows. The cash flow projections include specific estimates for five years developed using internal forecasts and a terminal growth rate thereafter of 5%. The planning horizon reflects the assumptions for short-to-mid term market developments which are based on key assumptions such as margins, expected growth rates based on past experience, new product launches and management's expectations / extrapolation of normal increase/ steady terminal growth rate). Discount rate reflects the current market assessment of the risks. The discount rate is estimated based on the weighted average cost of capital for the Company. Post-tax discount rates used were 15.03% for the year ended 31 March 2018. The management believes that any reasonable possible change in the key assumptions would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

38. Consequent to the Amalgamation of NHSPL and NPRPL effective 1 April 2016 into the Company, the management is in the process of mutation of the title deeds of the following land and buildings of the Transferor Companies in its name:

Nature of property	**Whether leasehold / freehold**	**Gross block as on 31 March 2018**	**Net block as on 31 March 2018**
Land	Freehold	3.30	3.30
		87.23	87.23
Building	Freehold	672.27	579.77

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

39. Related party disclosures

(a) Names of the related parties and nature of relationship

Names of related parties	Nature of relationship
Neuland Laboratories Inc., USA	Wholly owned subsidiary
Neuland Laboratories K.K., Japan	
Dr. D. R. Rao	Key management personnel ("KMP")
Mr. D. Sucheth Rao	
Mr. D. Saharsh Rao	
Mr. Amit Agarwal (with effect from 22 November 2017)	
Mr. Anil Kumar (upto 28 February 2017)	
Mrs. D. Vijaya Rao	Relatives of KMP
Mrs. D. Rohini Niveditha Rao	

(b) Transactions with related parties

	For the year ended	
	31 March 2018	**31 March 2017**
Neuland Laboratories Inc., USA		
Sales promotion expenses including commission	896.70	935.75
Neuland Laboratories KK., Japan		
Sales promotion expenses including commission	264.70	302.08
Transactions with KMP		
Dr. D. R. Rao		
Managerial remuneration	60.00	163.13
Mr. D. Sucheth Rao		
Managerial remuneration	50.00	141.37
Mr. D. Saharsh Rao		
Managerial remuneration	50.00	130.50
Mr. Anil Kumar		
Managerial remuneration	-	77.65
Mr. Amit Agarwal		
Managerial remuneration	32.53	-
Transactions with Non-Executive Director		
Sitting fee	3.20	1.50
Commission	2.50	5.00
Professional fee	3.87	18.12
Transactions with Independent Director		
Sitting fee	27.10	10.60
Commission	12.50	25.00
Transactions with relatives of KMP		
Mrs. D. Vijaya Rao		
Rent	65.37	62.43

Note:

In accordance with the terms of the Scheme approved by the NCLT, subsequent to the year-end on 30 April 2018, the Company has allotted equity shares of ₹10 each at a premium of ₹1,359 per equity share to the below related parties (being the erstwhile shareholders of NHSPL and NPRPL).

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

	No. of equity shares allotted
Dr. D R Rao	3,178,416
Mr. D. Sucheth Rao	319,906
Mr. D. Saharsh Rao	243,471
Mrs. D. Vijaya Rao	613,222
Mrs. D. Rohini Niveditha Rao	163,298

* KMP's are covered by the Company's mediclaim insurance policy and are eligible for gratuity and leave encashment along with other employees of the Company. The proportionate premium paid towards this policy and provision made for gratuity and leave encashment pertaining to the KMP's has not been included in the aforementioned disclosures as these are not determined on an individual basis.

(c) Balances receivable/(payables)

	As at		
	31 March 2018	**31 March 2017**	**1 April 2016**
Neuland Laboratories Inc., USA	(414.31)	(247.00)	(213.00)
Neuland Laboratories K.K., Japan	(49.59)	(10.79)	(27.40)
Dr. D. R. Rao	-	(32.24)	4.64
Mr. D. Sucheth Rao	-	(35.92)	7.24
Mr. D. Saharsh Rao	-	(30.77)	3.89
Mrs. D. Vijaya Rao	13.25	19.20	14.68
Non-executive Director	(17.51)	(24.40)	(18.60)
Independent Director	(8.47)	(22.35)	1.12

Note:

(i) Dr. D. R. Rao and D. Sucheth Rao have extended personal guarantees in connection with the loans availed by the Company. (Refer note: 15)

(ii) Dr. D. R. Rao have pledged certain share of its holding in the Company in connection with the loans availed by the Company. (Refer note: 15)

(d) Transaction with related parties

In accordance with the applicable provisions of the Income Tax Act, 1961, the Company is required to use certain specified methods in assessing that the transactions with the related parties, are carried at an arm's length price and is also required to maintain prescribed information and documents to support such assessment. The appropriate method to be adopted will depend on the nature of transactions / class of transactions, class of associated persons, functions performed and other factors as prescribed. Based on certain internal analysis carried out, management believes that transactions entered into with the related parties were carried out at arms length prices. The Company is in the process of updating the transfer pricing documentation for the financial year ended 31 March 2018. In opinion of the management, the same would not have an impact on these financial statements. Accordingly, these financial statements do not include the effect of the transfer pricing implications, if any.

40. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) amounts to ₹177.15 (31 March 2017: ₹149.01) (1 April 2016: ₹288.96).

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

41. Contingent liabilities and pending litigations

	As at		
	31 March 2018	**31 March 2017**	**1 April 2016**
Disputed income tax liabilities			
Assessment year 1998-1999 - refer note (a) below	18.14	18.14	18.14
Assessment year 2004-2005 - refer note (b) below	693.33	693.33	-
Assessment year 2008-2009	-	-	1,145.72
Assessment year 2009-2010	-	-	727.17
Assessment year 2012-2013	19.01	19.01	421.18
Assessment year 2013-2014	-	-	217.04
Other income tax matters	96.16	96.16	124.01
Disputed service tax liabilities			
Assessment years 2009-2015 - refer note (c) below	119.32	119.32	143.41
Other service tax matters	5.70	13.11	7.41
Certain disputes, for unascertained amounts are pending in the Labor Courts, A.P. Since, the chance of appellants succeeding in their claims is less than probable, the Company does not expects any liability in this respect.	Not ascertainable	Not ascertainable	Not ascertainable

Note:

(a) In connection with the income tax assessment of the Company for the assessment year ended 31 March 1999, the income tax assessing officer had disallowed certain expenditure incurred towards commission paid to non-residents in the computation of gross total income for the aforementioned period and accordingly demanded an additional tax of ₹18.14 from the Company in this regard. The management, on the basis of assessment of the nature of expenditure incurred and the applicability of the provisions relating to deduction of income tax at source and an independent expert advise sought in this regard, had filed an appeal with Honorable High Court of the Combined State of Telangana and Andhra Pradesh against the order received from the assessing officer and the outcome of the earlier appeals filed with Commissioner of Appeals (Income Tax) and Income Tax Appellate Tribunal. Pending outcome of the appeal filed with the High Court, no adjustments to the financial statements are considered necessary in this regard.

(b) The Income tax authorities had re-opened the income tax assessment of the Company for the assessment year ended 31 March 2005 later than the periods permitted by the provisions of the Income Tax Act, 1961 and thereby demanded an additional tax amount of ₹693.33 on account of disallowance of certain prior period expenditure recognized by the Company in the computation of gross total income for the assessment year then ended. Aggrieved by the order of the income tax department, the management had filed an appeal with the higher authorities which had been successfully decided in favor of the Company. The income tax department has however filed an appeal with the Honorable High Court of the Combined State of Andhra Pradesh and Telangana in this regard, which is pending final outcome. The management, however, on the basis of assessment of the assessment provisions of the Income Tax Act, 1961, an independent expert advise sought in this regard and the orders of the appellate authorities in favor of the Company, is confident of securing an order from the High Court in the favor of the Company and accordingly, no adjustments have been made to the financial statements in this regard.

(c) The Additional Commissioner of Customs, Central Excise & Service Tax has demanded sums aggregating to ₹119.32 in relation to payment of service tax on certain services availed by the Company from non-residents. The Company has filed an appeal against the demands of the Additional Commissioner with the Honorable High Court of the combined State of Andhra Pradesh and Telangana. The management, on the basis of assessment of the provisions of the Finance Act, 1994, is of the opinion that these demands are frivolous and not tenable and accordingly has not provided for these demands in the books of account.

(d) During the prior years, the erstwhile Andhra Pradesh State Electricity Transmission authorities (APTRANSCO) has demanded amounts aggregating to ₹223.03 from Andhra Pradesh Gas Power Corporation Limited (APGPCL) towards payment of wheeling charges and surplus power charges in relation to the power supplied by APGPCL to the Company. In lieu of the Company also being the shareholder of APGPCL, the aforesaid amounts had also been demanded from the Company by APGPCL which has been duly paid under protest by the Company. Further, aggrieved by the order of the APTRANSCO, APGPCL has filed appeals with the Honorable Supreme Court and Honorable High Court of the Combined State of Andhra Pradesh and Telangana disputing the levy of wheeling charges and surplus power charges respectively, which is pending final outcome as at 31 March 2018. However, on the basis of assessment of the facts of the case, the management is confident that the amounts paid under protest would be recoverable in full and accordingly no adjustments are deemed necessary to the financial statements in this regard.

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

(e) In 2004 the then Andhra Pradesh Industrial Infrastructure Corporation Limited ("APIIC") had allotted a land parcel to the Company for setting up of a basic research and development center. Subsequently, a public interest litigation was filed with the Honorable High Court of Andhra Pradesh challenging the allotments made by the APIIC as unconstitutional and also for cancellation of the allotments in all cases where the development has not commenced or the substantial progress has not been made as per the terms of allotment. The matter is presently subjudice and pending with an appropriate authorities; management is confident of positive outcome and has considered the matter accordingly in the accompanying financial statements.

f) During the financial year ended 31 March 2008 the Commissioner and Inspector General of Stamps and Registration (CIGSR), Andhra Pradesh has vide it's order dated 22 February 2008 has cancelled the registration of the land parcel owned by the company situated at Bontapally pursuant to claims of forgery raised by the former sellers of the said land. Aggrieved by the aforesaid order the Company has filed a writ petition challenging order of CIGSR with Hon'ble High Court of Andhra Pradesh (the 'Court') as the Company was not involved during the proceedings. The Court has vide its order dated 31 December 2012 has granted stay on the cancellation order of CIGSR. Proceedings of the case are still pending with the court. The management is confident that orders will be in the favour of the Company, hence no adjustment is deemed necessary to these standalone financial statements.

42. Details of CSR expenditure

	For the year ended	
	31 March 2018	**31 March 2017**
Gross amount required to be spent by the Company during the year	93.18	73.43
Amount spent during the year (in cash) on:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	23.16	56.33
Amount remaining to be spent	**70.02**	**17.10**

43. Details of payments to auditors included in legal and professional fees:

	For the year ended	
	31 March 2018	**31 March 2017**
As auditor:		
- Audit fee, including tax audit *	60.90	52.00
- Certifications	2.10	-
- Reimbursement of expenses	1.23	1.72
	64.23	**53.72**

* includes one-time fee towards audit of Ind-AS adjustments carried out to the balances as at 1 April 2016 and for year ended and as at 31 March 2017.

44. Capital work-in-progress for the year ended 31 March 2018 includes amount aggregating to ₹11,884.73, incurred towards acquisition and development of a existing manufacturing facility. The management is in the process of mutation of the title for the acquired immovable property (i.e., land and building) in the Company's name.

45. Expenditure during construction period (pending allocation)

	For the year ended
	31 March 2018
Opening Balance	-
Add:	
Employee benefits expense	73.37
Power and fuel	20.32
Factory maintenance	46.22
Rates and taxes	21.08
Others	32.02
Less:	
Capitalized during the year	-
	193.01

46. Events after reporting period

(a) In accordance with the terms of the Scheme approved by the NCLT, the Company has allotted 6,861,243 equity shares of ₹10 each at a premium of ₹1,359 per equity share to the shareholders of NHSPL and NPRPL on 30 April 2018.

(b) The Board of Directors of the Company at its meeting held on 9 April 2018, has subject to the approval of the members and other appropriate approvals has approved issuance of maximum 1,675,000 equity shares of ₹10 each through qualified institutional placement, in accordance with the provisions of Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and applicable provisions of the Companies Act, 2013 and Rules issued thereunder.

47. First time adoption of Ind AS

These financial statement have been prepared in accordance with the Ind AS. For the purpose of transition from previous GAAP to Ind AS, the Company has followed the guidance prescribed under Ind AS 101 – First time adoption of Indian Accounting Standards ("Ind AS 101"), with effect from 1 April 2016 ("transition date").

In preparing its Ind AS Balance Sheet as at 1 April 2016 and in presenting the comparative information for the year ended 31 March 2017, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains how the transition from previous GAAP to Ind AS has affected the Company's balance sheet and financial performance.

I Optional exemptions availed and mandatory exemptions applied

Set out below are the Ind AS 101 optional exemptions availed as applicable and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

(i) Deemed cost for property, plant and equipment and intangible assets

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets recognised as at 1 April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment and intangible assets.

(ii) Designation of previously recognised financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI on the basis of the facts and circumstances at the date of transition to Ind AS. The Company has elected to apply this exemption for its investments, except for investment in subsidiaries.

(iii) Investment in subsidiary

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its investments in subsidiaries, joint ventures and associate as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. Accordingly, the Company has elected to measure its investment in subsidiary at their previous GAAP carrying value.

(iv) Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error.

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:

a) Investment in equity instruments carried at FVOCI.

b) Impairment of financial assets based on expected credit loss model.

c) Determination of the discounted value for financial instruments carried at amortised cost.

(v) Classification and measurement of financial assets and liabilities

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

(vi) De-recognition of financial assets and liabilities

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after the transition date.

(vii) Hedge accounting

Hedge accounting can only be applied prospectively from the transition date to transactions that satisfy the hedge accounting criteria in accordance with the requirements of Ind AS 109, Financial Instruments. As at the date of transition to Ind AS, the Company has measured all derivatives at fair value through profit or loss and eliminated all deferred losses and gains arising on derivatives that were reported in accordance with previous GAAP assets or liabilities.

II Reconciliations

i Reconciliation of total equity

	As at	
	31 March 2017	**1 April 2016**
Total equity as per previous GAAP	**21,663.52**	**18,417.20**
Adjusted effect of the merger of NHSPL and NPRPL	30,425.45	31,084.99
	52,088.97	**49,502.19**
Add / (less) : Adjustments for GAAP differences		
Derecognition of liability for proposed dividend including DDT	-	213.84
Change in fair value of investments	49.56	1.43
Reversal of amortization of goodwill acquired in a Business Combination	2,794.60	-
Deferred tax due to Ind AS adjustments	(625.89)	-
Others	(29.60)	23.60
Equity as per Ind-AS	**54,277.65**	**49,741.06**

ii Reconciliation of total comprehensive income

	Year ended 31 March 2017
Net profit under IGAAP	**3,242.56**
Adjusted effect of the merger of NHSPL and NPRPL	(751.34)
	2,491.22
Add / (less) : Adjustments for GAAP differences	
Reversal of amortization of goodwill acquired in a Business Combination	2,794.60
Deferred tax due to Ind AS adjustments	(618.99)
Other Ind AS adjustments	(28.43)
Net profit as per Ind AS	**4,638.40**
Other comprehensive income	16.46
Total comprehensive income as per Ind AS	**4,654.86**

iii Notes to the reconciliations

a) Proposed dividend (including dividend distribution tax)

Under the Indian GAAP till 31 March 2016, dividends proposed by the Board of Directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend (including dividend distribution tax) as at 31 March 2016 included under short-term provisions has been de-recognised against retained earnings. Consequently, the total equity increased by an equivalent amount.

b) Remeasurement of post-employment benefit obligations

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to statement of profit or loss. Under Ind AS, remeasurements comprising of actuarial gains and losses are recognised in the balance sheet with a corresponding debit or credit to retained earnings through OCI.

c) **Amortization of goodwill**

Goodwill acquired in a business combination is not amortized and is mandatorily tested for impairment as per the requirements of Ind AS 36 Impairment of Assets. Accordingly, the Company has reversed the goodwill amortized under Indian GAAP for the year ended 31 March 2017.

d) **FVTOCI financial assets**

Under Indian GAAP, the Company accounted for investments at cost. Under Ind AS, the Company has designated such investments, except for investments in subsidiaries, as FVTOCI investments. Ind AS requires FVTOCI investments to be measured at fair value. At the date of transition to Ind AS, difference between the instruments fair value and Indian GAAP carrying amount has been recognised as a separate component of equity, in the retained earnings, net of related deferred taxes.

e) **MAT credit entitlement**

MAT credit entitlement is to be presented under loans and advance in accordance with Guidance Note on "Accounting for Credit available in respect of MAT under the Income Tax Act, 1961" issued by the ICAI. However, as per Ind AS, MAT credit entitlement is generally recognized as a deferred tax asset with a corresponding deferred tax benefit in the statement of profit and loss. Accordingly, the Company has reclassified the MAT credit entitlement from loans and advances to deferred tax assets as at 31 March 2017 and 1 April 2016.

f) **Excise duty on sale of goods**

As per Indian GAAP, excise duty should included be in the turnover and should be shown as reduction from the gross turnover on the face of the statement of profit and loss. However, Ind AS 18 does not specifically prescribe any guidance for inclusive presentation of excise duty. Accordingly the Company has presented revenue gross of excise duty, which has resulted in increase of revenue and increase of excise duty expense by ₹883.97 for the year ended 31 March 2017.

g) **Retained earnings**

Retained earnings as at 1 April, 2016 has been adjusted consequent to the above Ind AS transition adjustments.

h) **Statement of cash flows**

The transition from Indian GAAP to Ind AS had no material impact on the statement of cash flows.

48. The standalone financial statements are approved for issue by the Company's Board of Directors on 11 May 2018

This is the Summary of significant accounting policies and other explnanatory information referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants

per **Sanjay Kumar Jain**
Partner

Place: Hyderabad
Date: 11 May 2018

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

Dr. D. R. Rao
Chairman &
Managing Director

D. Sucheth Rao
Vice Chairman and CEO

D. Saharsh Rao
Joint Managing
Director

Amit Agarwal
Chief Financial Officer

Sarada Bhamidipati
Company Secretary

Place: Hyderabad
Date: 11 May 2018

NOTES

INDEPENDENT AUDITOR'S REPORT

To the Members of Neuland Laboratories Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying Consolidated Financial Statements of Neuland Laboratories Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Financial Statements in terms of the requirements of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The Holding Company's Board of Directors and the respective Board of Directors of the subsidiaries included in the Group are responsible for the design, implementation and maintenance of internal control 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. Further, in terms of the provisions of the Act, the respective Board of Directors of the companies included in the Group, covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets 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. These financial statements have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

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

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these Consolidated 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 Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the Consolidated Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 10 of the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on these Consolidated Financial Statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid Consolidated Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March

2018, and their consolidated profit (including other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Emphasis of Matter

9. We draw attention to note 36 to the consolidated financial statements, which describes that the Scheme of Amalgamation and Arrangement (the "Scheme") entered between Neuland Health Sciences Private Limited, Neuland Pharma Research Private Limited (collectively Transferor Companies"), and the Company, approved by the Hon'ble National Company Law Tribunal, Hyderabad Bench. Pursuant to the terms of the Scheme, the amalgamation is accounted as per the 'Purchase Method' prescribed under Accounting Standard 14 - Accounting for Amalgamations (AS 14) specified under Section 133 of the Act. Our opinion is not modified in respect of this matter.

Other Matters

10. We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of ₹565.45 lakhs and net assets of ₹342.09 lakhs as at 31 March 2018, total revenues of ₹1,161.44 lakhs and net cash inflows amounting to ₹25.81 lakhs for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

    Further, both these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

11. The Company had prepared separate sets of statutory consolidated financial statements for the year ended 31 March 2017 and 31 March 2016 in accordance with the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) on which we issued auditor's reports to the shareholders of the Company dated 12 May 2017 and 20 May 2016 respectively. These consolidated financial statements have been adjusted to give effect to the Scheme and for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have also been audited by us. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

12. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries, we report, to the extent applicable, that:

    (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid Consolidated Financial Statements;

    (b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

    (c) the Consolidated Financial Statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements;

    (d) in our opinion, the aforesaid Consolidated Financial Statements comply with Ind AS specified under Section 133 of the Act;

    (e) on the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company are disqualified as on 31 March 2018 from being appointed as a Director in terms of Section 164(2) of the Act.

    (f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure A';

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries:

(i) The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group as detailed in Note 37 to the Consolidated Financial Statements.

(ii) the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

(iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company;

(iv) the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these Consolidated Financial Statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Sanjay Kumar Jain**
Partner
Membership No.: 207660

Place: Hyderabad
Date: 11 May 2018

Annexure A to the Independent Auditor's Report

of even date to the members of Neuland Laboratories Limited on the Consolidated Financial Statements for the year ended 31 March 2018

Annexure A

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

1. In conjunction with our audit of the consolidated financial statements of Neuland Laboratories Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as at and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Holding Company as of that date. Further, as all the subsidiaries of the Holding Company are located outside India, the provisions of clause (i) of sub-section 3 of Section 143 of the Act are not applicable to them.

Management's Responsibility for Internal Financial Controls

2. The Board of Directors of the Holding Company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 the company's business, including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

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

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

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the IFCoFR of the Holding Company

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR 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 IFCoFR include 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

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Holding Company has in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Sanjay Kumar Jain**
Partner
Membership No.: 207660

Place: Hyderabad
Date: 11 May 2018

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2018

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

	Note	As at		
		31 March 2018	31 March 2017	1 April 2016
ASSETS				
Non-current assets				
Property, plant and equipment	3	16,376.23	15,495.51	14,895.61
Capital work-in progress	35	12,609.45	1,960.06	4,047.87
Investment property	35	2,981.39	2,981.39	-
Goodwill	36	27,946.10	27,946.10	27,946.10
Other intangible assets	4	178.44	131.92	50.23
Financial assets				
(i) Investments	5	40.02	38.32	740.20
(ii) Loans	6	304.94	306.35	295.81
Non-current tax assets		943.29	1,018.06	390.40
Other non-current assets	7	1,040.23	1,176.67	1,085.85
Total non-current assets		**62,420.09**	**51,054.38**	**49,452.07**
Current assets				
Inventories	8	17,508.79	13,511.27	12,746.20
Financial Assets				
(i) Investments	5	750.00	750.00	-
(ii) Trade receivables	9	19,392.27	18,111.15	12,770.73
(iii) Cash and cash equivalents	10	328.79	344.29	696.68
(iii) Other bank balances	11	1,396.81	904.81	754.97
(v) Other financial assets	12	395.64	297.28	218.54
Other current assets	7	4,946.99	3,585.47	5,040.15
Total current assets		**44,719.29**	**37,504.27**	**32,227.27**
Total assets		**107,139.38**	**88,558.65**	**81,679.34**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	13	895.49	895.49	895.39
Other equity	14	23,823.80	22,581.20	18,006.99
Equity suspense account	36	31,084.99	31,084.99	31,084.99
Total equity		**55,804.28**	**54,561.68**	**49,987.37**
Liabilities				
Non-current liabilities				
Financial liabilities				
(i) Borrowings	15	10,348.82	2,980.72	3,319.12
(ii) Other financial liabilities	16	-	20.00	20.00
Provisions	17	987.00	927.60	811.09
Deferred tax liabilities	18	1,278.77	1,509.01	260.01
Other non-current liabilities		2,028.00	-	-
Total non-current liabilities		**14,642.59**	**5,437.33**	**4,410.22**

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2018

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

	Note	As at		
		31 March 2018	31 March 2017	1 April 2016
Current liabilities				
Financial liabilities				
(i) Borrowings	15	19,920.26	15,107.90	12,362.90
(ii) Trade payables	19	12,429.49	8,592.34	8,647.28
(iii) Other financial liabilities	16	3,013.64	2,269.69	3,034.60
Other current liabilities	20	1,169.66	2,448.65	2,898.00
Provisions	17	159.46	141.06	132.65
Current tax liabilities (net)		-	-	206.32
Total current liabilities		**36,692.51**	**28,559.64**	**27,281.75**
Total equity and liabilities		**107,139.38**	**88,558.65**	**81,679.34**

The accompanying notes referred to above form an integral part of the consolidated financial statements

This is the Consolidated Balance Sheet referred to in our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants

per **Sanjay Kumar Jain**
Partner

Place: Hyderabad
Date: 11 May 2018

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

Dr. D. R. Rao
Chairman &
Managing Director

D. Sucheth Rao
Vice Chairman and CEO

D. Saharsh Rao
Joint Managing
Director

Amit Agarwal
Chief Financial Officer

Sarada Bhamidipati
Company Secretary

Place: Hyderabad
Date: 11 May 2018

Consolidated Statement of Profit and Loss

for the year ended 31 March 2018

(All amounts in ₹ lakhs, except for share data or as otherwise stated)

	Notes	For the year ended	
		31 March 2018	31 March 2017
Income			
Revenue from operations	21	52,916.15	58,772.51
Other income	22	453.48	116.82
Total income		**53,369.63**	**58,889.33**
Expenses			
Cost of materials consumed	23	28,109.42	27,020.70
Excise duty		175.47	883.97
Changes in inventories of finished goods and work-in-progress	24	(4,272.41)	(730.81)
Employee benefits expense	25	10,298.62	9,274.30
Finance costs	26	1,892.84	2,108.67
Depreciation and amortisation expense	3 & 4	2,210.35	1,922.81
Manufacturing expenses	27	8,149.10	7,067.90
Other expenses	28	5,412.80	4,623.22
Total expenses		**51,976.19**	**52,170.76**
Profit before tax		**1,393.44**	**6,718.57**
Tax expense	29		
Current tax		427.00	1,012.48
Deferred tax expense / (benefit)		(239.85)	1,019.63
Profit for the year		**1,206.29**	**4,686.46**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement gains/(losses) on defined benefit plans		27.28	(37.88)
Equity instruments through other comprehensive income		1.70	48.13
Tax on items that will not be reclassified to profit or loss		(9.44)	6.22
Total other comprehensive income for the year, net of tax		19.54	16.46
Items that will be reclassified to profit or loss			
Exchange differences in translating the financial statements of a foreign operations		16.77	(10.33)
Total comprehensive income for the year		**1,242.60**	**4,692.59**
Earnings per equity share [EPES] (in absolute ₹ terms)	30		
Par value per share		10	10
Basic EPES		10.81	42.01
Diluted EPES		10.81	42.01

The accompanying notes form an integral part of these consolidated financial statements.

This is the Consolidated Statement of Profit and Loss referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants

per **Sanjay Kumar Jain**
Partner

Place: Hyderabad
Date: 11 May 2018

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

Dr. D. R. Rao
Chairman & Managing Director

D. Sucheth Rao
Vice Chairman and CEO

D. Saharsh Rao
Joint Managing Director

Amit Agarwal
Chief Financial Officer

Sarada Bhamidipati
Company Secretary

Place: Hyderabad
Date: 11 May 2018

Consolidated Cash Flow Statement

for the year ended 31 March 2018

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

	For the year ended	
	31 March 2018	**31 March 2017**
Cash flow from operating activities		
Profit before tax	**1,393.44**	**6,718.57**
Adjustments:		
Depreciation and amortisation expense	2,210.35	1,922.81
Interest income	(78.91)	(105.79)
Loss on sale of fixed assets	16.51	13.28
Finance costs	1,892.84	2,108.67
Unrealised foreign exchange (gain)/loss, net	(115.26)	306.98
Unrealised (gain) / loss on forward contracts	(2.28)	25.00
Provision towards doubtful trade receivables	34.80	-
Provision for employee benefits	85.23	124.91
Operating cash flows before working capital changes	**5,436.72**	**11,114.43**
Changes in loans	2.45	(10.89)
Changes in other non-current assets	124.26	(86.39)
Changes in inventories	(3,997.52)	(765.07)
Changes in trade receivables	(1,225.10)	(5,685.12)
Changes in other current assets	(1,368.20)	1,452.95
Changes in trade payables	3,861.57	(20.91)
Changes in other financial assets	(120.91)	(10.67)
Changes in other financial liabilities	8.71	(18.65)
Changes in other current liabilities	(1,287.18)	(449.19)
Cash generated from operating activities	**1,434.81**	**5,520.50**
Income-taxes paid, net	(308.02)	(1,652.45)
Net cash generated from operating activities (A)	**1,126.79**	**3,868.05**
Cash flows from investing activities		
Purchase of property, plant and equipment and other intangible assets	(13,359.78)	(4,112.69)
Proceeds from sale of property, plant and equipment	93.61	13.92
Advance for sale of investment property	2,028.00	-
Movement in other bank balances	(492.01)	(149.77)
Interest income received	101.46	37.72
Net cash used in investing activities (B)	**(11,628.72)**	**(4,210.82)**
Cash flows from financing activities		
Proceeds from issue of equity shares	-	3.76
Proceeds from short-term borrowings, net	4,812.36	2,745.00
Proceeds from long-term borrowings	10,723.86	2,279.40
Repayment of long-term borrowings	(2,826.58)	(2,795.45)
Dividend paid	-	(122.04)
Interest paid	(2,224.67)	(2,119.28)

Consolidated Cash Flow Statement
for the year ended 31 March 2018

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

	As at	
	31 March 2018	**31 March 2017**
Net cash generated from / (used in) financing activities (C)	**10,484.97**	**(8.61)**
Net decrease in cash and cash equivalents during the year (A + B + C)	**(16.96)**	**(351.38)**
Cash and cash equivalents at the beginning of the year	344.29	696.68
Effect of exchange rate changes on cash and cash equivalents	1.46	(1.01)
Cash and cash equivalents at the end of the year (Note 1)	**328.79**	**344.29**
Consolidated Cash Flow Statement for the year ended 31 March 2018		
Note 1:		
Cash and cash equivalents includes		
Cash on hand	4.27	3.43
Balances with banks in current accounts	324.52	340.86
	328.79	**344.29**

This is the Consolidated Cash Flow statement referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants

per **Sanjay Kumar Jain**
Partner

Place: Hyderabad
Date: 11 May 2018

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

Dr. D. R. Rao
Chairman &
Managing Director

D. Sucheth Rao
Vice Chairman and CEO

D. Saharsh Rao
Joint Managing
Director

Amit Agarwal
Chief Financial Officer

Sarada Bhamidipati
Company Secretary

Place: Hyderabad
Date: 11 May 2018

Consolidated Statement of Changes in Equity

for the year ended 31 March 2018

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

A Equity Share Capital

	Number of shares	Amount
As at 1 April 2016 *	**8,883,254**	**895.39**
Changes in equity share capital	1,000	0.10
As at 31 March 2017	**8,884,254**	**895.49**
Changes in equity share capital	-	-
As at 31 March 2018	**8,884,254**	**895.49**

* includes ₹7.06 received towards forfeiture of equity shares during the earlier years

Consolidated Statement of Changes in Equity

for the year ended 31 March 2018

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

B Other Equity

	Reserves and Surplus					Other Comprehensive Income			
	Capital reserve	Securities premium reserve	General Reserve	Revaluation reserve	Retained earnings	FVOCI - equity instruments	Foreign currency translation reserve	Remeasurement of defined benefit obligations	Total
Balance as at 1 April 2016	**3.32**	**6,632.68**	**2,789.65**	**83.89**	**8,486.13**	**1.43**	**15.63**	**(5.74)**	**18,006.99**
Profit for the year	-	-	-	-	4,686.46	-	-	-	4,686.46
Additions during the year	-	3.66	-	-	-	-	(10.33)	-	(6.67)
Dividend paid*	-	-	-	-	(85.87)	-	-	-	(85.87)
Corporate dividend tax	-	-	-	-	(36.17)	-	-	-	(36.17)
Other comprehensive income ("OCI")	-	-	-	-	-	48.13	-	(37.88)	10.25
Income tax relating to items of OCI	-	-	-	-	-	(6.89)	-	13.11	6.22
Balance as at 31 March 2017	**3.32**	**6,636.34**	**2,789.65**	**83.89**	**13,050.55**	**42.67**	**5.29**	**(30.51)**	**22,581.20**
Profit for the year	-	-	-	-	1,206.29	-	16.77	-	1,223.06
Other comprehensive income	-	-	-	-	-	1.70	-	27.28	28.98
Income tax relating to items of OCI	-	-	-	-	-	-	-	(9.44)	(9.44)
Balance as at 31 March 2018	**3.32**	**6,636.34**	**2,789.65**	**83.89**	**14,256.84**	**44.37**	**22.06**	**(12.67)**	**23,823.80**

* net of dividend aggreagting to ₹91.80 paid to Neuland Health Sciences Private Limited, the erstwhile Holding Company.

This is the Consolidated Statement of Changes in Equity referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants

per **Sanjay Kumar Jain**
Partner
Managing Director

Place: Hyderabad
Date: 11 May 2018

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

Dr. D. R. Rao
Chairman & Managing Director

D. Sucheth Rao
Vice Chairman and CEO

D. Saharsh Rao
Joint Managing Director

Amit Agarwal
Chief Financial Officer

Sarada Bhamidipati
Company Secretary

Place: Hyderabad
Date: 11 May 2018

1. General information

Neuland Laboratories Limited (“the Company”) is a public company domiciled in India and incorporated in accordance with the provisions of the erstwhile Companies Act, 1956. The Company’s registered office is at Sanali Info Park, ‘A’ Block, Ground Floor, 8-2-120/113, Road No 2, Banjara Hills, Hyderabad – 500 034. Its shares are listed on two recognised stock exchanges of India, the National Stock Exchange of India Limited and BSE Limited. The Company is engaged in manufacturing and selling of bulk drugs and caters to both domestic and international markets.

2. Basis of preparation

Compliance with Ind AS

The consolidated financial statements of the Company along with its subsidiaries (together referred to as “Group”) have been prepared in accordance with the Indian Accounting Standards (“Ind AS”) as notified under section 133 of the Companies Act 2013 (“the Act”) read with the Companies (Indian Accounting Standards) Rules 2015 issued by Ministry of Corporate Affairs (‘MCA’). The Group has uniformly applied the accounting policies during the periods presented.

For all periods up to and including the year ended 31 March 2017, the Group has prepared its consolidated financial statements in accordance with accounting standards notified under the section 133 of the Act, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP). These consolidated financial statements for the year ended 31 March 2018 are the first which the Group has prepared in accordance with Ind AS (see note 41 for explanation for transition to Ind AS). For the purpose of comparatives, consolidated financial statements for the year ended 31 March 2017 are also prepared under Ind AS.

These financial statements have been prepared for the Group as a going concern on the basis of relevant Ind AS that are effective at the Group’s annual reporting date 31 March 2018.

These financial statements have been prepared on the historical cost convention and on an accrual basis except for the following material items in the balance sheet:

- Certain financial assets and liabilities which are measured at fair value;
- Net defined benefit assets / (liability) are measured at fair value of plan assets, less present value of defined benefit obligations; and
- Share based payments which are measured at fair value of the options

Principles of consolidation

Subsidiary

Subsidiary is entity (including structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in full while preparing these consolidated financial statements.

Interest in the subsidiary

The following subsidiaries have been considered for the purpose of preparation of the consolidated financial statements:

Name of the subsidiary	Country of Incorporation	Percentage holding/ interest (%) As at 31 March	
		2018	2017
Neuland Laboratories Inc.,	United States of America	100	100
Neuland Laboratories K.K	Japan	100	100

- Principal activity of the subsidiary is providing marketing support services to Neuland Laboratories Limited (Parent Company).

(i) **Use of estimates and judgements**

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note (e), (f) and (g) — Useful lives of property, plant and equipment, investment properties, goodwill and other intangible assets;
- Note (i) – Impairment;
- Note (j) — Financial instruments;
- Note (n) — Employee benefits including share based payments;
- Note (o) – Provisions, contingent liabilities and contingent assets; and
- Note (p) — Income taxes

(ii) **Summary of significant accounting policies**

The financial statements have been prepared using the accounting policies and measurement basis summarized below.

a. Functional currency

The financial statements are presented in Indian Rupee ('INR' or '₹') which is also the functional and presentation currency of the Group. All financial information presented in Indian rupees has been rounded to the nearest lakhs, unless otherwise stated.

b. Current and non-current classification

All the assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Division II – Ind AS Schedule III to the Act. The Group presents assets and liabilities in the balance sheet based on current/ non-current classification.

An **asset** is classified as current when it is:

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

A **liability** is classified as current when:

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

Current assets / liabilities include the current portion of non-current assets / liabilities respectively. All other assets / liabilities including deferred tax assets and liabilities are classified as non-current.

c. Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting period are translated into the functional currency at the exchange rate at that date. Non-monetary items denominated in foreign currencies which are carried at historical cost are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or any other similar valuation denominated in a foreign currency are reported using the exchange rates at the date when the fair value was measured.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the statement of profit and loss in the year in which they arise, except in case of exchange differences relating to long-term foreign currency monetary items, to the extent they are used for financing the acquisition of property, plant and equipment ("PPE") and drawn on or before 31 March 2017, are added to or subtracted from the cost of such PPE and in other cases accumulated in 'Foreign Currency Monetary Item Translation Difference Account' and amortized over the balance term of the long-term monetary item.

d. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the collectability is reasonably assured.

Sale of goods

Revenue from sale of goods in the course of ordinary activities is recognized when property in the goods or all significant risks and rewards of their ownership are transferred to the customer, usually on delivery of goods, there is neither continuing management involvement to the degree usually associated with ownership nor effective control over the goods sold, or when delivery is delayed at the buyer's request and the buyer takes title and accepts the invoice. Revenue is measured at the fair value of the consideration received or receivable net of returns, discounts, rebates and applicable indirect taxes. Revenue for the year ended 31 March 2018 includes excise duty levied on goods manufactured upto 30 June 2017 in accordance with erstwhile Central Excise Act 1944.

Rendering of services

Revenue from services are recognized as and when services are rendered and related costs are incurred, in accordance with the terms of the specific contracts with the customers.

Export incentives

Income from export incentives are recognized when the right to receive credit as per the terms of the scheme is established and where there is certainty of realization.

Interest income

Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable. For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR) method.

Dividend income

Dividend income is recognised when the Group's right to receive the payment is established, which is generally, when shareholders approve the dividend.

e. Property, plant and equipment (PPE)

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, taxes (other than those subsequently recoverable from tax authorities), borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

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

Any gain or loss on disposal of an item of PPE is recognised in statement of profit or loss.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation

Depreciation on items of PPE is provided on the straight-line method, computed on the basis of useful lives as estimated by the management which coincides with the useful lives mentioned in Schedule II to the Companies Act, 2013.

Depreciation on additions / disposals is provided on a pro-rata basis i.e. from / upto the date on which asset is ready for use / disposed-off.

The residual values, useful lives and method of depreciation of are reviewed at each financial year-end and adjusted prospectively, if appropriate.

f. **Investment properties**

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. When the use of a property changes from owner occupied to investment property, the property is reclassified as investment property at it's carrying amount on the date of reclassification.

g. **Goodwill and other intangible assets**

Other intangible assets are stated at cost of acquisition less accumulated amortization and impairment. Other intangible assets comprising of computer software expenditure is amortized over a period of three years. Goodwill arising on business combination is recorded at excess of the consideration paid over the fair value of the net assets taken-over and is subsequently measured at cost less accumulated impairment losses, if any.

h. **Leases**

A lease that transfers substantially all the risks and rewards incidental to ownership to the lessee is classified as finance lease. All other leases are classified as operating leases.

Operating lease payments are generally recognised as an expense in the statement of profit or loss on a straight-line basis over the lease term. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which the benefits accrue. Contingent rentals arising under operating leases are also recognised as expenses in the periods in which they are incurred.

i. **Impairment**

Impairment of non-financial assets

The carrying amounts of the Group's tangible and intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit for which the estimates of future cash flows have not been adjusted. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

An impairment loss is recognised in the statement of profit or loss if the estimated recoverable amount of an asset or its cash generating unit is lower than its carrying amount. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been previously recognised.

Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss ("ECL") model for measurement and recognition of impairment loss on financial assets measured at amortised cost.

Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime expected credit losses. For all other financial assets, ECL are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

Loss allowance for financial assets measured at amortised cost are deducted from gross carrying amount of the assets.

j. **Inventories**

Inventories consist of raw materials, stores and spares, work-in-progress and finished goods are measured at the lower of cost and net realisable value. The cost of all categories of inventories is based on the weighted average method. Cost includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity. Stores and spares, that do not qualify to be recognised as property, plant and equipment, consists of engineering spares (such as machinery spare parts) and consumables or consumed as indirect materials in the manufacturing process.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

k. Financial instruments

Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value and, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- fair value through other comprehensive income (“FVTOCI”) – debt investment;
- FVTOCI – equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

Amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in Other Income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss.

FVTOCI – debt investment

A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Group recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit or loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit or loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method

Equity investment

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’s fair value in OCI (designated as FVTOCI – equity investment). This election is made on an investment by- investment basis.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, including foreign exchange gain or loss and excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit or loss.

FVTPL

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit or loss. Any gain or loss on derecognition is also recognised in statement of profit or loss.

De-recognition

Financial assets

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset.

Financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

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

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments such as forward exchange contracts and interest rate risk exposures to hedge its risk associated with foreign currency fluctuations and changes in interest rates. Derivatives are initially measured at fair value and subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in statement of profit or loss, since the company's hedging instruments did not qualify for hedge accounting in accordance with the Ind-AS 39. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Cash and cash equivalents

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

Dividend distribution to equity holders of the Company

The Group recognises a liability to make dividend distributions to equity holders of the Group when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

l. Borrowing costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

m. Employee benefits

Defined contribution plan

The Company's contributions to defined contribution plans are recognised as an expense as and when the services are received from the employees entitling them to the contributions.

Defined benefit plan

The liability in respect of defined benefit plans is calculated using the projected unit credit method with actuarial valuations being carried out at the end of each annual reporting period. The Group recognises the net obligation of a defined benefit plan as a liability in its balance sheet. Gains or losses through remeasurement of the net defined benefit liability are recognised in other comprehensive income and are not reclassified to profit and loss in the subsequent periods. The effect of any plan amendments are recognised in the statement of profit and loss.

n. Government grants

The Group recognises government grants only when there is reasonable assurance that the conditions attached to them will be complied with, and the grants will be received. Government grants received in-relation to assets are presented as a reduction to the carrying amount of the related asset. Grants related to income are recognized in statement of profit and loss as other income.

o. Provisions, contingent liabilities and contingent assets

Provisions are recognized only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Group; or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are neither recognized nor disclosed. However, when realization of income is virtually certain, related asset is recognized.

p. Income taxes

Tax expense recognized in statement of profit or loss consists of current and deferred tax except to the extent that it relates to items recognised in OCI or directly in equity, in which case it is recognised in OCI or directly in equity respectively.

Calculation of current tax is based on tax rates and tax laws that have been enacted for the reporting period and any adjustment to tax payable in respect of previous years. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Group.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Withholding tax arising out of payment of dividends to shareholders under the Indian Income tax regulations is not considered as tax expense for the Group and all such taxes are recognised in the statement of changes in equity as part of the associated dividend payment.

Minimum Alternate Tax ('MAT') credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each Balance Sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

q. Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are not depreciated or amortised.

r. Research and development expense

Expenditure on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding is recognized as expense when incurred. Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if:

- The product or the process is technically and commercially feasible;
- Future economic benefits are probable and ascertainable;
- The Group intends to and has sufficient resources, technical and financial, to complete development of the product and has the ability to use or sell the asset; and
- Development costs can be measured reliably.

s. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential ordinary shares.

(iii) **Standards, not yet effective and have not been adopted early by the Group**

a. Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On 28 March 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from 1 April 2018. The Group has evaluated the effect of this on the financial statements and the impact is not material.

b. Ind AS 115- Revenue from Contract with Customers:

Applicable from 1 April 2018. The Core principle of the new standard is that revenue should be recognized when (or as) an entity transfers control of goods or services to a customer at an amount to which the entity expects to be entitled. To achieve the core principle, the new standard establishes a five step model that entities would need to apply to determine when to recognise revenue, and at what amount. Applying this core principle involves the 5 steps approach.

i. The standard requires to identify contract with customer as a first step.

ii. Having identified a contract, the entity next identifies the performance obligations within that contract. A performance obligation is a promise in a contract with a customer to transfer either a good or service or bundle of goods or services, that are 'distinct'.

iii. Third step in the model is to determine the transaction price and then as a fourth step, such transaction price needs to be allocated to the performance obligation identified in step 2.

iv. In accordance with this Standard, entity is required to recognise revenue when the entity satisfies the performance obligations.

The Standard requires extensive disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The effect on adoption of Ind AS 115 is expected to be insignificant

c. Ind AS 12: Income Taxes

Ind AS 12, Income taxes, has been amended to provide guidance on recognition of deferred tax assets for unrealised losses. The existing standard provides that an entity recognises deferred tax assets only when it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. The amended standard provides that when an entity assesses whether taxable profits will be available against which it can utilise a deductible temporary difference, it considers whether tax law restricts the source of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. If tax law restricts the utilisation of losses to deduction against income of a specific type, a deductible temporary difference is assessed in combination only with other deductible temporary differences of the appropriate type. It further provides that while estimating probable future taxable profit, an entity may include the recovery of some of entity's assets for more than their carrying amount if there is sufficient evidence that it is probable that the entity will achieve this. The amendments are applicable retrospectively for annual periods beginning on or after 1 April 2018. These amended rules also state that an entity is permitted to apply these amendments retrospectively also in accordance with Ind AS 8. The effect on adoption of amendments to Ind AS 12 is expected to be insignificant.

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

3. Property, plant and equipment

	Freehold land	Buildings	Plant and equipment	Lab equipments	Office equipment	Furniture and fixtures	Vehicles	Computers	Total
Deemed carrying amount									
At 1 April 2016	435.19	5,642.11	7,562.12	754.82	22.88	60.35	236.53	181.61	**14,895.61**
Additions	-	199.11	2,106.19	-	5.08	15.49	326.38	33.57	**2,685.82**
Disposals/retirement	189.38	-	0.28	-	7.16	-	22.61	19.67	**239.10**
Balance as at 31 March 2017	**245.81**	**5,841.22**	**9,668.03**	**754.82**	**20.80**	**75.84**	**540.30**	**195.51**	**17,342.33**
Additions	-	474.97	1,791.87	366.42	7.88	15.65	284.25	183.89	**3,124.93**
Disposals/retirement	-	-	71.19	54.63	-	-	228.21	22.47	**376.51**
Balance as at 31 March 2018	**245.81**	**6,316.19**	**11,388.71**	**1,066.61**	**28.68**	**91.49**	**596.34**	**356.93**	**20,090.75**
Accumulated depreciation									
Up to 1 April 2016	-	-	-	-	-	-	-	-	**-**
Charge for the year	-	245.77	1,265.69	185.14	5.51	10.24	87.80	69.19	**1,869.34**
Adjustments for disposals/retirement	-	-	0.09	-	3.23	-	3.14	16.06	**22.52**
Balance as at 31 March 2017	**-**	**245.77**	**1,265.60**	**185.14**	**2.28**	**10.24**	**84.66**	**53.13**	**1,846.82**
Charge for the year	-	252.47	1,527.42	158.94	8.60	10.23	130.85	45.58	**2,134.09**
Adjustments for disposals/retirement		-	62.60	45.85	-	-	136.60	21.35	**266.39**
Balance as at 31 March 2018	**-**	**498.24**	**2,730.42**	**298.23**	**10.88**	**20.47**	**78.91**	**77.36**	**3,714.52**
Net book value as at 1 April 2016	435.19	5,642.11	7,562.12	754.82	22.88	60.35	236.53	181.61	14,895.61
Net book value as at 31 March 2017	245.81	5,595.45	8,402.43	569.68	18.52	65.60	455.64	142.38	15,495.51
Net book value as at 31 March 2018	**245.81**	**5,817.95**	**8,658.29**	**768.38**	**17.80**	**71.02**	**517.43**	**279.57**	**16,376.23**

Deemed cost as on 1st April 2016

	Freehold land	Buildings	Plant and equipment	Lab equipments	Office equipment	Furniture and fixtures	Vehicles	Computers	Total
Gross block as on 1 April 2016	275.06	6,934.62	18,654.99	2,021.16	136.49	112.18	373.88	404.80	**28,913.18**
Add: Additions (net) pursuant to the scheme of amalgamation (refer note 36)	160.13	599.97	271.36	-	-	6.46		30.57	**1,068.49**
Less: Accumulated depreciation till 1 April 2016	-	1,892.48	11,364.23	1,266.34	113.61	58.29	137.35	253.76	**15,086.06**
Net block considered as deemed cost upon transition	**435.19**	**5,642.11**	**7,562.12**	**754.82**	**22.88**	**60.35**	**236.53**	**181.61**	**13,827.12**

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

Consequent to amalgamation of Neuland Health Services Private Limited and Neuland Pharma Research Private Limited effective 1 April 2016 into the Company, the title deeds of the following land and buildings are in the name of the erstwhile companies:

Nature of property	Whether leasehold / freehold	Gross block as on 31 March 2018	Net block as on 31 March 2018
Land	Freehold	3.30	3.30
		87.23	87.23
Building	Freehold	672.27	579.77

4. Other intangible assets

	Computer Software	Total
Deemed carrying amount		
As at 1 April 2016	**50.23**	**50.23**
Additions	135.16	135.16
Balance as at 31 March 2017	**185.39**	**185.39**
Additions	122.78	122.78
Balance as at 31 March 2018	**308.17**	**308.17**
Accumulated amortization		
Up to 1 April 2016	-	-
Amortization charge for the year	53.47	53.47
Balance as at 31 March 2017	**53.47**	**53.47**
Charge for the year	76.26	76.26
Balance as at 31 March 2018	**129.73**	**129.73**
Net carrying amount		
Net book value as at 1 April 2016	50.23	50.23
Net book value as at 31 March 2017	131.92	131.92
Net book value as at 31 March 2018	**178.44**	**178.44**
Deemed cost as on 1 April 2016		
Gross block as on 1 April 2016	264.35	264.35
Less: Accumulated depreciation till 1 April 2016	214.12	214.12
Net block considered as deemed cost upon transition	**50.23**	**50.23**

Summary of significant accounting policies and other explanatory information
(All amounts in ₹ lakhs, except of share data or as otherwise stated)

5. Investments

		As at		
		31 March 2018	31 March 2017	1 April 2016
I	**Investments in equity instruments, unquoted, fully paid up**			
	Investment in other companies, at FVTOCI			
	2,200 (31 March 2017: 2,200) (1 April 2016: 2,200) equity shares of ₹100 each in Jeedimetla Effluent Treatment Limited	2.20	2.20	2.20
	209,136 (31 March 2017: 209,136) (1 April 2016: 209,136) equity shares of ₹10 each in Patancheru Enviro Tech Limited	20.91	20.91	20.91
	402,000 (31 March 2017: 402,000) (1 April 2016: 402,000) equity shares of ₹10 each in Andhra Pradesh Gas Power Corporation Limited	750.00	750.00	704.04
		773.11	**773.11**	**727.15**
II	**Investments in Government securities, at FVTOCI**	1.61	1.61	1.61
III	**Investment in mutual funds, unquoted, at FVTOCI**			
	100,000 (31 March 2017: 100,000) (1 April 2016: 100,000) units of ₹10 each in SBI Mutual Fund	15.30	13.60	11.43
	Total investments (I+II+III)	**790.02**	**788.32**	**740.19**
	Current	750.00	750.00	-
	Non Current	40.02	38.32	740.20
		790.02	**788.32**	**740.20**
	Aggregate amount of quoted investments and market value thereof	-	-	-
	Aggregate book value of unquoted investments	754.58	754.58	754.58
	Aggregate amount of impairment in the value of investments	-	-	-

Note:

Pursuant to a resolution passed by the Board of Directors of the Company at their meeting held on 10 February 2017, the management has decided to divest their entire holding in Andhra Pradesh Gas Corporation Limited and accordingly, the investment has been reclassified as Current.

6. Loans

	As at		
	31 March 2018	31 March 2017	1 April 2016
(Unsecured, considered good)			
Non-current			
Security deposits	304.94	306.35	295.81
	304.94	**306.35**	**295.81**

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

7. Other assets

	As at		
	31 March 2018	**31 March 2017**	**1 April 2016**
Non-current			
Prepaid expenses	-	-	56.73
Capital Advances	18.74	30.92	26.49
Balances with government authorities	999.19	1,123.45	980.33
Other receivables	22.30	22.30	22.30
	1,040.23	**1,176.67**	**1,085.85**
Current			
Prepaid expenses	492.93	357.17	320.52
Balances with government authorities	2,518.41	1,366.67	2,402.14
Advance to suppliers	1,065.50	1,088.27	1,525.90
Export benefits receivable	739.52	698.29	741.22
Other advances	130.62	75.06	50.36
	4,946.99	**3,585.47**	**5,040.15**

8. Inventories (at lower of cost or net realisable value)

	As at		
	31 March 2018	**31 March 2017**	**1 April 2016**
Raw materials	3,087.22	3,517.12	3,580.95
Work-in-progress	9,411.66	5,674.99	5,254.44
Finished goods	4,360.38	3,824.64	3,514.38
Stores and consumables	649.53	494.52	396.42
	17,508.79	**13,511.27**	**12,746.20**

9. Trade receivables

	As at		
	31 March 2018	**31 March 2017**	**1 April 2016**
(Unsecured)			
Unsecured, Considered Good	19,392.27	18,111.15	12,770.73
Doubtful	379.19	348.92	341.59
	19,771.46	**18,460.07**	**13,112.32**
Less: Allowance for doubtful debts	(379.19)	(348.92)	(341.59)
	19,392.27	**18,111.15**	**12,770.73**

10. Cash and cash equivalents

	As at		
	31 March 2018	**31 March 2017**	**1 April 2016**
Balances with banks in current accounts	324.52	340.86	692.86
Cash on hand	4.27	3.43	3.82
	328.79	**344.29**	**696.68**

11. Bank balances other than cash and cash equivalents

	As at		
	31 March 2018	**31 March 2017**	**1 April 2016**
Unpaid dividend account	8.27	8.28	8.21
Deposits with a maturity period of over 3 months but less than 12 months*	1,388.54	896.53	746.76
	1,396.81	**904.81**	**754.97**

* Represents deposits held as margin money with the banks

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

12. Other financial assets

	As at		
	31 March 2018	31 March 2017	1 April 2016
Current			
Interest accrued but not due on bank deposits	264.06	286.61	218.54
Unbilled revenue	131.58	10.67	-
	395.64	**297.28**	**218.54**

13. Equity share capital

	As at					
	31 March 2018		31 March 2017		1 April 2016	
	Number	Amount	Number	Amount	Number	Amount
Authorized share capital *						
Equity shares of ₹10 each	44,000,000	4,400.00	10,000,000	1,000.00	10,000,000	1,000.00
Cummulative redeemable preference shares of ₹100 each	-	-	300,000	30.00	300,000	30.00
Cumulative or non-cumulative and redeemable or otherwise preference shares of ₹100 each	-	-	300,000	30.00	300,000	30.00
Issued share capital						
Equity shares of ₹10 each	9,077,799	907.78	9,077,799	907.78	9,076,799	907.68
Subscribed share capital						
Equity shares of ₹10 each	8,987,530	898.75	8,987,530	898.75	8,986,530	898.65
Fully paid-up share capital						
Equity shares of ₹10 each	8,884,254	888.43	8,884,254	888.43	8,883,254	888.33
Add: Forfeited equity shares of ₹10 each	103,276	7.06	103,276	7.06	103,276	7.06
		895.49		**895.49**		**895.39**

* As per the Scheme of Amalgamation and Arrangement duly approved by the National Company Law Tribunal ("NCLT") (refer note 36), the authorized share capital of the Company has been increased from 10,000,000 equity shares of ₹10 each to 44,000,000 equity shares of ₹10 each, further the authorized share capital of 300,000 cummulative redeemable preference shares of ₹100 each and 300,000 cumulative or non-cumulative and redeemable or otherwise preference shares of ₹100 each has been cancelled.

Reconciliation of number of equity shares outstanding at the beginning and at the end of the year

	As at					
	31 March 2018		31 March 2017		1 April 2016	
	Number	Amount	Number	Amount	Number	Amount
Equity shares						
Balance at the beginning of the year	8,884,254	888.43	8,883,254	888.33	8,883,254	888.33
Add: Shares issued during the year	-	-	1,000	0.10	-	-
Balance at the end of the year	**8,884,254**	**888.43**	**8,884,254**	**888.43**	**8,883,254**	**888.33**

Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to prior consent from consortium and the approval of the shareholders in the ensuing general meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts in proportion of their shareholding.

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

Details of shareholders holding more than 5% equity shares in the Company **

	As at					
	31 March 2018		31 March 2017		1 April 2016	
Name of the equity shareholders	**Number**	**% holding**	**Number**	**% holding**	**Number**	**% holding**
Dr. D R Rao	3,178,262	28.49%	2,953,382	26.48%	3,159,218	28.32%
Evolvence Life Sciences India Fund LLP	-	NA	2,256,917	20.23%	2,256,917	20.23%
Malabar India Fund Limited	920,150	8.25%	-	NA	-	NA
Steadview Capital Mauritius Limited	635,817	5.70%	-	NA	-	NA
Davuluri Vijaya Rao	613,338	5.50%	613,338	5.50%	613,338	5.50%

** The above disclosure represents details of shareholders holding more than five percent equity shares post giving effect to the Scheme of Amalgamation and Arrangement duly approved by NCLT as detailed in note 36.

Employee stock option scheme ("ESOP")

Pursuant to a resolution passed by the Board of Directors and members of the Company at the meeting of the Board of Directors and the Annual General Meeting of the members held on 20 July 2007, the Company had introduced Employee Stock Option Scheme (“the scheme”) for certain permanent employees and directors of the Company and its subsidiaries, duly determined by the Compensation Committee/Board. Each option, on exercise, is convertible into one equity share of the Company having face value of ₹10 each. Pursuant to a resolution passed by the Remuneration and Compensation Committee on 17 November 2008, 34,500 options had been granted at an exercise price of ₹104 per equity share, which was the market price as on the date of the grant. Accordingly, the Company has not recognized any expense on account of grant of stock options.

Changes in number of shares representing stock options outstanding as at the year ended 31 March 2017 were as follows:

	Number of options
Outstanding options as at 1 April 2016	2,500
Exercised	1,000
Lapsed	1,500
Outstanding options as at 31 March 2017	-
Exercised	-
Lapsed	-
Outstanding options as at 31 March 2018	-

14. Other equity

	As at		
	31 March 2018	31 March 2017	1 April 2016
Reserve and surplus			
Capital reserve	3.32	3.32	3.32
Securities premium reserve	6,636.34	6,636.34	6,632.68
General reserve	2,789.65	2,789.65	2,789.65
Revaluation reserve	83.89	83.89	83.89
Retained earnings	14,256.84	13,050.55	8,486.13
Total reserve and surplus	**23,770.04**	**22,563.75**	**17,995.67**
Other comprehensive income			
FVOCI - Equity instruments	44.37	42.67	1.43
Foreign currency translation reserve	22.06	5.29	15.63
Remeasurement of defined benefit obligations	(12.67)	(30.51)	(5.74)
Total Other comprehensive income	**53.76**	**17.45**	**11.32**
	23,823.80	**22,581.20**	**18,006.99**

Nature and purpose of reserves

Capital reserve

Capital reserve was created on account of merger of Neuland Drugs & Pharmaceuticals Private Limited with the Company. The Company uses capital reserve for transactions in accordance with the provisions of the Act.

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

Securities premium reserve

The amount received in excess of face value of the equity shares is recognised in securities premium reserve. In case of equity-settled share based payment transactions, the difference between fair value on grant date and face value of share is accounted as securities premium reserve. This reserve is utilised in accordance with the provisions of the Act.

General reserve

General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.

Revaluation reserve

Revaluation reserve was created on account of revaluation of certain property, plant and equipment during the earlier years.

FVOCI equity instruments

The Company has elected to recognise the change in fair value of certain investments in other comprehensive income. These changes are accumulated within the FVOCI equity instruments reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity instruments are derecognised.

Foreign currency translation reserve

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

Remeasurement of defined benefit obligations

The reserve represents the remeasurement gains/(losses) arising from the actuarial valuation of the defined benefit obligations of the Company. The remeasurement gains/(losses) are recognized in other comprehensive income and accumulated under this reserve within equity. The amounts recognized under this reserve are not reclassified to statement of profit or loss.

15. Borrowings

	As at		
	31 March 2018	**31 March 2017**	**1 April 2016**
Non-current			
Secured			
Term loans			
From banks	11,750.14	1,880.00	2,075.00
From others parties	187.49	2,087.97	2,431.37
Other loans			
From banks	6.65	20.82	79.30
From others parties	55.94	114.15	33.32
	12,000.22	**4,102.94**	**4,618.99**
Less: Current maturities of long-term borrowings	1,651.40	1,122.22	1,299.87
	10,348.82	**2,980.72**	**3,319.12**

(a) Terms and conditions of loans and nature of security

(i) Term loans outstanding to the tune of ₹828.98 (31 March 2017: ₹1,000.00) (1 April 2016: ₹Nil) is secured by way of first charge on property, plant and equipment (both present and future). The loan is repayable in 20 quaterly installments commencing from June 2017.

(ii) Term loans outstanding to the tune of ₹Nil (31 March 2017: ₹1,928.72) (1 April 2016: ₹2,452.25) is secured by way of first charge on the property, plant and equipment (both present and future) and second charge (hypothecation) on the current assets of the Company. The loan is repayable in 48 equal quarterly installments commencing from 8 February 2016, however the Company has prepaid the loan during the year ended 31 March 2018.

(iii) Term loans outstanding to the tune of ₹640.00 (31 March 2017: ₹880.00) (1 April 2016: ₹Nil) is secured by pari-passu first charge on property, plant and equipment (both present and future) and second charge (hypothecation) on the current assets of the Company. The loan is repayable in 18 quarterly installment commencing from September 2016.

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

(iv) Term loans amounting to ₹Nil (31 March 2017: ₹Nil) (1 April 2016: ₹1,700.00) is secured by pari-passu first charge on property, plant and equipment (both present and future) and second charge (hypothecation) on the current assets held by the Company. The loan is repayable in 14 quarterly instalments commencing from September 2015.

(v) Term loans amounting to ₹Nil (31 March 2017: ₹Nil) (1 April 2016: ₹375.00) is secured by first pari passu charge by way of mortgage and hypothecation over all property, plant and equipment (both present and future) of the Company, exclusive charge on identifed property, plant and equipment. The loan is repayable in 20 equal quarterly installments commencing from 29 September 2013, however the Company has prepaid the loan during the year ended 31 March 2017.

(vi) Term loans outstanding to the tune of ₹8,813.00 (31 March 2017: ₹Nil) (1 April 2016: ₹Nil) is secured by pari-passu first charge on property, plant and equipment (both present and future) and second charge (hypothecation) on the current assets of the Company. The loan is repayable in 28 quarterly installment commencing from March 2019.

(vii) Term loans outstanding to the tune of ₹1,350.57 (31 March 2017: ₹Nil) (1 April 2016: ₹Nil) is secured by pari-passu first charge on property, plant and equipment (both present and future) and second charge on current assets of the Company. The loan is repayable in 29 quarterly installments commencing from 8 September 2017.

(viii) All the above term loan from banks are also secured by way of personal guarantees extended by Dr. D.R.Rao and Mr. D. Sucheth Rao. Further certain loans were secured by corporate guarantee of Neuland Health Sciences Private Limited ('NHSPL') and Neuland Pharma Research Private Limited ('NPRPL'), pari-passu charge of 200,000 equity shares of the Company held by NHSPL. However, pursuant to the Scheme of Amalgamation pronounced by NCLT, Hyderabad Bench, Hyderabad on 21 March 2018, NHSPL & NPRPL were merged with the Company with appointed date of 1 April 2016 and accordingly the Corporate Guarantee of NHSPL & NPRPL as a covenant for borrowings stands extinguished. Moreover, pari passu charge of 200,000 equity shares of the Company held by NHSPL also stand extingushed & shall be replaced with equivalent 200,000 equity shares of the Company held by Dr. D R Rao in favour of the lenders.

(ix) Vehicles loans outstanding to the tune of ₹367.67 (31 March 2017: ₹307.03) (1 April 2016: ₹112.62) are secured by hypothecation of specific vehicles against which the loans are availed. Vehicle loans are repayable in instalments ranging from 23 to 84 months from the date of the loan.

(x) All the above loans carry interest in the range of 6.70% to 12.50% per annum (31 March 2017: 12.30% to 13.50% per annum) (1 April 2016: 12.90% to 14.60% per annum).

(xi) Details of repayment of non current borrowings *

	As at		
	31 March 2018	**31 March 2017**	**1 April 2016**
Up to 1 year	1,651.40	1,122.22	1,299.87
From 1 to 3 years	4,214.77	2,848.38	2,652.83
3 years and above	6,134.05	145.16	687.17
	12,000.22	**4,115.76**	**4,639.87**

* excludes ₹Nil (31 March 2017: ₹12.82), (1 April 2016: ₹20.88) representing transaction costs incurred towards origination of the borrowings and deducted from the carrying amount of borrowings on initial recognition in accordance with Ind AS 109.

	As at		
	31 March 2018	**31 March 2017**	**1 April 2016**
Current			
Secured loans from banks	19,920.26	15,107.90	12,362.90
	19,920.26	**15,107.90**	**12,362.90**

(i) Loans outstanding represent cash credit, packing credit and foreign bill discounting facility availed with various banks and carry interest linked to the respective Bank's prime / base lending rate, and range from 3.42% to 12.05% (31 March 2017: 2.95% to 13.45% per annum) (1 April 2016: 2.32% to 13.65% per annum).

(ii) Loans are secured by way of pari passu first charge on all the current assets of the Company and pari-passu second charge on Company's property, plant and equipment and personal guarantees extended by Dr. D.R.Rao and Mr. D. Sucheth Rao. Further the loans were secured by corporate guarantee of NHSPL and NPRPL, pari-passu charge of 200,000 equity shares of the Company held by NHSPL. However, pursuant to the Scheme of Amalgamation pronounced by NCLT, Hyderabad Bench, Hyderabad on 21 March 2018, NHSPL & NPRPL were merged with the Company with appointed date of 1 April 2016 and accordingly the Corporate Guarantee of NHSPL & NPRPL as a covenant for borrowings stands extinguished. Moreover, pari passu charge of 200,000 equity shares of the Company held by NHSPL also stand extingushed & shall be replaced with equivalent 200,000 equity shares of the Company held by Dr. D R Rao in favour of the lenders.

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

16. Other financial liabilities

	As at		
	31 March 2018	**31 March 2017**	**1 April 2016**
Non-current			
Others	-	20.00	20.00
	-	**20.00**	**20.00**
Current			
Current maturities of long-term debt (refer note 15)	1,651.40	1,122.22	1,299.87
Interest accrued but not due	4.84	16.98	27.59
Unclaimed dividends	8.27	8.28	8.21
Creditors for capital goods	555.57	350.12	933.19
Employee related liabilities	331.78	276.67	218.48
Accrual for expenses	461.78	495.42	547.25
	3,013.64	**2,269.69**	**3,034.60**

17. Provisions

	As at		
	31 March 2018	**31 March 2017**	**1 April 2016**
Non-current			
Gratuity	846.29	772.55	665.81
Compensated absences	140.71	155.05	145.28
	987.00	**927.60**	**811.09**
Current			
Gratuity	91.42	66.08	56.11
Compensated absences	68.04	74.98	76.54
	159.46	**141.06**	**132.65**

(a) Gratuity

The Company has a defined benefit funded gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The Company has subscribed to a group gratuity scheme of Life Insurance Corporation of India (LIC). Under the said policy, the eligible employees are entitled for gratuity upon their resignation or in the event of death in lumpsum after deduction of necessary taxes upto a maxmium limit of ₹20 (31 March 2017: ₹10; 1April 2016: ₹10).

The following table set out the status of the gratuity plan and the reconciliation of opening and closing balances of the present value and defined benefit obligation.

(i) Change in projected benefit obligation

	As at		
	31 March 2018	**31 March 2017**	**1 April 2016**
Projected benefit obligation at the beginning of the year	858.71	739.08	674.37
Service cost	119.06	108.13	76.94
Interest cost	64.41	54.45	52.61
Actuarial (gain) / loss	(25.75)	38.95	9.84
Benefits paid	(56.83)	(81.90)	(74.68)
Projected benefit obligation at the end of the year	**959.60**	**858.71**	**739.08**

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

(ii) Change in plan assets

Fair value of plan assets at the beginning of the year	20.08	17.16	17.63
Value adjustment	(0.08)	(1.46)	(1.92)
Expected return on plan assets	1.53	1.07	1.06
Employer contributions	45.49	61.50	71.00
Benefits paid	(45.13)	(58.19)	(70.61)
Fair value of plan assets at the end of the year	**21.89**	**20.08**	**17.16**

(iii) Reconciliation of present value of obligation on the fair value of plan assets

Present value of projected benefit obligation at the end of the year	959.60	858.71	739.08
Funded status of the plans	(21.89)	(20.08)	(17.16)
Net liability recognised in the balance sheet	**937.71**	**838.63**	**721.92**

(iv) Expense recognized in the statement of profit and loss

	As at		
	31 March 2018	**31 March 2017**	**1 April 2016**
Service cost	119.06	108.13	76.94
Interest cost	64.41	54.45	52.61
Expected returns on plan assets	(1.53)	(1.07)	(1.06)
Net gratuity costs	**181.94**	**161.51**	**128.49**

(v) Expense recognized in OCI

Recognized net actuarial (gain)/ loss	(27.28)	37.88	8.78
	(27.28)	**37.88**	**8.78**

(vi) Key actuarial assumptions

Discount rate	7.72%	7.50%	7.90%
Expected return on plan assets	8.00%	8.00%	8.00%
Salary escalation rate	4.00%	4.00%	4.00%

(vii) Sensitivity Analysis

Impact on defined benefit obligation	959.60	858.71	739.08
Delta effect of +1% change in discount rate	902.79	805.81	693.55
Delta effect of -1% change in discount rate	1,023.13	917.88	790.00
Delta effect of +1% change in salary escalation rate	1,063.91	953.94	821.04
Delta effect of -1% change in salary escalation rate	869.30	775.42	667.39
Delta effect of +1% change in rate of employee turnover	995.59	890.81	766.70
Delta effect of -1% change in rate of employee turnover	920.45	822.62	708.02

(viii) Maturity analysis of projected benefit obligation

1 year	51.70	31.81	27.38
2 to 5 years	169.19	130.25	121.56
6 to 10 years	214.40	169.98	150.53
More than 10 years	524.32	438.86	439.60

The significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate, salary escalation rate and the average life expectancy. The calculation of the net defined benefit liability is sensitive to these assumptions. However, the impact of these changes is not ascertained to be material by the management.

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

18. Deferred tax liabilities (net)

	As at		
	31 March 2018	**31 March 2017**	**1 April 2016**
Deferred tax liabilities arising on account of :			
Property, plant and equipment and Goodwill	6,455.06	4,565.78	2,038.98
Deferred tax assets arising on account of :			
MAT credit	(2,127.91)	(1,705.00)	(1,224.10)
Employee benefits	(562.73)	(412.69)	(438.13)
Provision for trade receivables and advances	(131.23)	(120.75)	(113.70)
Unabsorbed business losses	(1,686.69)	(138.32)	-
Investment properties	(666.56)	(666.56)	-
Others	(1.17)	(13.45)	(3.04)
Deferred tax liabilities, net	**1,278.77**	**1,509.01**	**260.01**

19. Trade payables

	As at		
	31 March 2018	**31 March 2017**	**1 April 2016**
Dues to micro and small enterprises	26.23	19.07	43.78
Others	12,403.26	8,573.27	8,603.50
	12,429.49	**8,592.34**	**8,647.28**

The Micro and Small Enterprises have been identified on the basis of information available with the Company. This has been relied upon by the auditors. Details of dues to such parties are given below:

	As at		
	31 March 2018	**31 March 2017**	**1 April 2016**
The principal amount remaining unpaid as at the end of the year	26.23	19.07	43.78
The amount of interest accrued and remaining unpaid at the end of the year	-	-	-
Amount of interest paid by the company in terms of Section 16, of (MSMED Act 2006) along with the amounts of payments made beyond the appointed date during the year.	-	-	-
Amount of interest due and payable for the period of delay in making payment without the interest specified under the (MSMED Act 2006)	-	-	-
The amount of further interest remaining due and payable in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under Section 23 of the (MSMED Act 2006)	-	-	-

20. Other current liabilities

	As at		
	31 March 2018	**31 March 2017**	**1 April 2016**
Non-current			
Advance from customers	2,028.00	-	-
	2,028.00	**-**	**-**
Current			
Advance from customers	881.65	2,097.30	2,532.36
Statutory liabilities	288.01	351.35	365.64
	1,169.66	**2,448.65**	**2,898.00**

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

21. Revenue from operations

	For the year ended	
	31 March 2018	31 March 2017
Sale of products	48,990.24	56,582.30
Sale of services	2,169.58	778.25
Other operating revenue		
Sale of impurities	176.42	135.85
Export incentives	1,463.78	1,176.94
Scrap sales	116.13	99.17
	52,916.15	**58,772.51**

Revenue from operations for the year ended 31 March 2018 is not comparable with revenue from operations for the corresponding year ended 31 March 2017, as the comparitive year include amount of excise duty which is not included for the period from 1 July 2017 till 31 March 2018 after implementation of Goods and Service Tax.

22. Other income

	For the year ended	
	31 March 2018	31 March 2017
Interest income	78.91	105.79
Incentive under MAI Scheme	97.07	-
Other non-operating income	277.50	11.03
	453.48	**116.82**

23. Cost of raw materials consumed*

	For the year ended	
	31 March 2018	31 March 2017
Raw material and packing material at the beginning of the year	3,517.12	3,580.95
Add: Purchases during the year	27,679.52	26,956.87
Less: Raw material and packing material at the end of the year	3,087.22	3,517.12
	28,109.42	**27,020.70**

* Disclosed based on derived figures, rather than actual records of issue.

24. Changes in inventories of finished goods and work-in-progress

	For the year ended	
	31 March 2018	31 March 2017
Opening stock		
- Finished goods	3,824.64	3,514.38
- Work-in-progress	5,674.99	5,254.44
	9,499.63	**8,768.82**
Closing balance		
- Finished goods	4,360.38	3,824.64
- Work-in-progress	9,411.66	5,674.99
	13,772.04	**9,499.63**
	(4,272.41)	**(730.81)**

25. Employee benefits expense

	For the year ended	
	31 March 2018	31 March 2017
Salaries and wages	9,188.86	8,294.85
Contribution to provident and other funds	400.96	403.50
Gratuity expense	181.94	161.51
Staff welfare expenses	526.85	414.45
	10,298.62	**9,274.30**

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

26. Finance costs

	For the year ended	
	31 March 2018	31 March 2017
Interest expense	1,625.66	1,453.21
Other borrowing costs	586.87	655.46
	2,212.53	2,108.67
Less: Borrowing costs capitalized *	(319.69)	-
	1,892.84	**2,108.67**

* The Company has capitalised borrowing costs with respect to its qualifying assets. The rate for capitalisation of borrowing cost was approximately 9.50%.

27. Manufacturing expenses

	For the year ended	
	31 March 2018	31 March 2017
Consumption of stores and spare parts	3,332.47	2,614.22
Power and fuel	2,595.44	2,577.69
Carriage inwards	97.60	106.05
Repairs and maintenance		
- Buildings	148.55	192.77
- Plant and equipment	483.24	365.46
- Others	610.82	537.23
Effluent treatment charges	647.71	457.99
Consumption of packing material	226.37	212.27
Testing charges	6.90	4.22
	8,149.10	**7,067.90**

28. Other expenses

	For the year ended	
	31 March 2018	31 March 2017
Rent	255.70	252.44
Corporate Social Responsibility ('CSR') expenditure (refer note ii below)	23.16	56.33
Rates and taxes	208.12	188.43
Travelling and conveyance	1,035.26	1,088.06
Legal and professional fees (refer note i below)	1,514.41	1,059.47
Insurance	273.11	199.04
Advertisement	68.78	19.89
Sales promotion expenses including commission	746.32	553.39
Freight and forwarding charges	588.49	542.56
Provision for doubtful debts and advances, net	34.80	-
Foreign exchange loss, net	51.34	96.27
Loss on sale of assets, net	16.51	13.28
Directors commission	15.00	30.00
Sitting fees	30.30	12.10
Miscellaneous expenses	551.51	511.96
	5,412.80	**4,623.22**

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

(i) Details of payments to auditors included in legal and professional fees:

	For the year ended	
	31 March 2018	**31 March 2017**
As auditor:		
- Audit fee, including tax audit *	60.90	52.00
- Certifications	2.10	-
- Reimbursement of expenses	1.23	1.72
	64.23	**53.72**

* includes one-time fee towards audit of Ind-AS adjustments carried out to the balances as at 1 April 2016 and for year ended and as at 31 March 2017

(ii) Details of CSR expenditure :

	For the year ended	
	31 March 2018	**31 March 2017**
(a) Gross amount required to be spent by the Company during the year	93.18	73.43
(b) Amount spent during the year (in cash) on:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	23.16	56.33
Amount remaining to be spent	**70.02**	**17.10**

29. Income tax

	For the year ended	
	31 March 2018	**31 March 2017**
Income tax expense recognised in the statement of profit and loss consists of the following:		
Current income tax	427.00	1,012.48
Deferred tax benefit	(239.85)	1,019.63
Total tax expense for the year	**187.15**	**2,032.11**

The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 34.608% and the reported tax expense in the statement of profit and loss is as follows:

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

	For the year ended	
	31 March 2018	**31 March 2017**
Profit before tax	1,393.44	6,718.57
Tax at the Indian tax rate (34.608%)	482.24	2,325.16
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Weighted deduction under section 35(2AB)	(306.54)	(100.16)
Loss absorbed at low tax rate	-	44.73
Earlier year c/f losses recognized	-	(138.33)
Investment properties	-	(341.96)
Impact on account of earlier years taxes	-	180.41
Impact of foerign taxes	0.30	(6.60)
Expenses disallowed	20.07	39.77
Others	(8.92)	29.09
Income tax expense	**187.15**	**2,032.11**

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

30. Earnings per share (EPS)

	For the year ended	
	31 March 2018	**31 March 2017**
(a) Profit attributable to equity shareholders	1,206.29	4,686.46
(b) **Computation of weighted average number of equity shares:**		
Weighted average number of equity shares outstanding during the year	11,154,889	11,154,325
Add: Effect of potential dilutive shares	-	-
Weighted average number of equity shares adjusted for the effect of dilution	11,154,889	11,154,325
(c) **Earnings per equity share (in absolute ₹) :**		
Basic	10.81	42.01
Diluted	10.81	42.01

* Weighted average number of shares considered for the year ended 31 March 2018 and 31 March 2017 includes 2,270,635 equity shares to be issued pursuant to the Scheme of Amalgamation and Arrangement with an appointed date of 1 April 2016.

31. Fair value measurements

(i) Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for financial instruments.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(ii) Financial assets and financial liabilities measured at fair value

	31 March 2018		31 March 2017		1 April 2016	
	Level 1	Level 2	Level 1	Level 2	Level 1	Level 2
Financial assets / (liabilities)						
Investments	15.30	774.72	13.60	774.72	11.43	728.76
Forward contracts	-	2.28	-	(25.00)	-	-

Financial instruments by category

For amortised cost instruments, carrying value represents the best estimate of fair value.

	31 March 2018		31 March 2017		1 April 2016	
	FVTOCI	Amortised cost	FVTOCI	Amortised cost	FVTOCI	Amortised cost
Financial assets						
Investments	790.02		788.32	-	740.19	-
Loans	-	304.94	-	306.35	-	295.81
Trade receivables	-	19,392.27	-	18,111.15	-	12,770.73
Cash and cash equivalents	-	328.79	-	344.29	-	696.68
Other bank balances	-	1,396.81	-	904.81	-	754.97
Other financial assets	-	395.64	-	297.28	-	218.54
Total financial assets	**790.02**	**21,818.45**	**788.32**	**19,963.88**	**740.19**	**14,736.73**

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

	31 March 2018		31 March 2017		1 April 2016	
	FVTPL	Amortised cost	FVTPL	Amortised cost	FVTPL	Amortised cost
Financial liabilities						
Borrowings	-	30,269.08	-	18,088.62	-	15,682.02
Trade payables	-	12,429.49	-	8,592.34	-	8,647.28
Other financial liabilities	-	3,013.64	25.00	2,264.69	-	3,054.60
Total financial liabilities	**-**	**45,712.21**	**25.00**	**28,945.65**	**-**	**27,383.90**

The Company's principal financial liabilities, comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, cash and cash equivalents and other bank balances that derive directly from its operations. The Company also holds FVTPL investments and investment in its subsidiary.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's Board of Directors oversees the management of these risks. The Company's Board of Directors is supported by the senior management that advises on financial risks and the appropriate financial risk governance framework for the Company. The senior management provides assurance to the Company's Board of Directors that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

(iii) Financial instruments risk management

A. Market risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk. Financial instruments affected by market risk include borrowings, deposits, trade receivables and other financial instruments.

The sensitivity analyses in the following sections relate to the position as at 31 March 2018 and 31 March 2017. The analysis exclude the impact of movements in market variables on the carrying values of gratuity and other post retirement obligations; provisions; and non-financial assets and liabilities.

a) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has loan facilities on floating interest rate, which exposes the Company to risk of changes in interest rates. The management monitors the interest rate movement and manages the interest rate risk based on its policies, which include entering into interest rate swaps as considered necessary. The Company's investment in deposits with banks are for short durations and therefore do not expose the Company to significant interest rate risk.

Below are the details of exposure to fixed rate and variable rate instruments:

Particulars	31 March 2018	31 March 2017	1 April 2016
Fixed rate instruments			
Financial assets	1,388.54	896.53	746.76
Financial liabilities	367.67	2,222.94	2,431.37
Variable rate instruments			
Financial liabilities	31,552.81	16,987.90	14,437.90

Every 0.5% increase/decrease in the interest rate component applicable to the respective borrowings would effect the Company's net profit before tax resulting in an expense/income of ₹157.76 and ₹84.94 for the year ended 31 March 2018 and 31 March 2017 respectively.

b) Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure shall fluctuate because of change in foreign exchange rates. The Company's exposure to the risk of change in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in foreign currency). The Company is exposed to exchange rate risk that arises from its foreign exchange revenues and expenses, primarily denominated in US Dollars, Euros, Japanese Yen, Great British Pound and Swiss Franc. The Company uses foreign exchange forward contracts to hedge its exposure in foreign currency risk.

Significant unhedged foreign currency risk exposure relating to financial assets and financial liabilities expressed in ₹ terms are as follows:

Financial assets

Trade receivables	31 March 2018	31 March 2017	1 April 2016
- USD	11,058.17	12,777.38	6,564.42
-GBP	1.09	157.81	-
- EUR	2,088.57	766.24	397.69

Financial liabilities

Trade payables	31 March 2018	31 March 2017	1 April 2016
- USD	2,592.16	2,449.02	2,502.03
- EUR	14.29	8.93	12.77
- GBP	54.20	29.54	(3.07)
- CHF	0.10	-	(10.47)
- JPY	57.87	15.09	32.96

Borrowings	31 March 2018	31 March 2017	1 April 2016
- USD	11,443.25	7,324.39	382.83
- EUR	287.58	-	-

The following table gives details in respect of outstanding derivate contracts. The counterparty for these contracts are banks.

(Amounts in lakhs)

	Buy	31 March 2018	31 March 2017	1 April 2016
Derivatives not designated as hedges				
Forward contract	GBP	GBP 1.97	GBP 1.95	-
Forward contract	USD	US $ 9.62	US $ 17.43	-
Interest rate swaps	USD	US $20.98	-	-

(c) Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in USD and Euro exchange rates, with all other variables held constant. The Company's exposure to foreign currency changes for all other currencies is not material.

Particulars	Impact on profit after tax for the year ended	
	31 March 2018	31 March 2017
USD sensitivity		
₹/USD - Increase by 5%	423.30	516.42
₹/USD - Decrease by 5%	(423.30)	(516.42)
EUR sensitivity		
₹/EUR - Increase by 5%	103.71	37.87
₹/EUR - Decrease by 5%	(103.71)	(37.87)
GBP sensitivity		
₹/GBP - Increase by 5%	(1.48)	0.15
₹/GBP - Decrease by 5%	1.48	(0.15)
CHF sensitivity		
₹/CHF - Increase by 5%	-	0.52
₹/CHF - Decrease by 5%	-	(0.52)
JPY sensitivity		
₹/JPY - Increase by 5%	(0.75)	(1.65)
₹/JPY - Decrease by 5%	0.75	1.65

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

B. Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company, leading to a financial loss. The Company is mainly exposed to the risk of its balances with the bankers and trade and other receivables. None of the Company's cash equivalents, other bank balances, loans and security deposits were past due or impaired as at 31 March 2018, 31 March 2017 and 1 April 2016.

Ageing of trade receivables is as follows:

	31 March 2018	31 March 2017	1 April 2016
Neither past due nor impaired	12,428.06	11,450.09	9,230.99
Past due not impaired:			
0-180 days	5,284.42	4,735.18	3,521.67
Greater than 180 days	1,679.79	1,925.88	18.07
	19,392.27	**18,111.15**	**12,770.73**

C. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The Company's principal sources of liquidity are the cash flows generated from operations. Further the Company also has long term borrowings and working capital facilities which the management believes are sufficient for its current requirments. Accordingly, no liquidity.

Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is insignificant.

31 March 2018	Up to 1 year	From 1 to 3 years	More than 3 years	Total
Non-derivatives				
Borrowings	19,920.26	4,214.77	6,134.05	**30,269.08**
Trade and other payables	12,429.49	-	-	**12,429.49**
Other financial liabilities	3,013.64	-	-	**3,013.64**
Total	**35,363.39**	**4,214.77**	**6,134.05**	**45,712.21**

31 March 2017	Up to 1 year	From 1 to 3 years	More than 3 years	Total
Non-derivatives				
Borrowings	15,107.90	2,848.38	145.16	**18,101.44**
Trade and other payables	8,592.34	-	-	**8,592.34**
Other financial liabilities	2,269.69	-	20.00	**2,289.69**
Total	**25,969.93**	**2,848.38**	**165.16**	**28,983.47**

1 April 2016	Up to 1 year	From 1 to 3 years	More than 3 years	Total
Non-derivatives				
Borrowings	12,362.90	2,652.83	687.17	**15,702.90**
Trade and other payables	8,647.28	-	-	**8,647.28**
Other financial liabilities	3,034.60	-	20.00	**3,054.60**
Total	**24,044.78**	**2,652.83**	**707.17**	**27,404.78**

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

32. Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Hence, the Company may adjust any dividend payments, return capital to shareholders or issue new shares or sell assets to reduce debt. Total capital is the equity as shown in the statement of financial position.Currently, the Company primarily monitors its capital structure on the basis of the following gearing ratio. Management is continuously evolving strategies to optimize the returns and reduce the risks. It includes plans to optimize the financial leverage of the Company.

The capital for the reporting year under review is summarized as follows:

	As at		
	31 March 2018	**31 March 2017**	**1 April 2016**
Total borrowings (Refer note: 15)	31,920.48	19,210.84	16,981.89
Less: Cash and cash equivalents (Refer note: 10)	(328.79)	(344.29)	(696.68)
Net debt	**31,591.69**	**19,555.13**	**17,678.57**
Total equity	55,804.28	54,561.68	49,987.37
Net debt to equity ratio	**56.61%**	**35.84%**	**35.37%**

33. Segment reporting

The management has assessed the identification of reportable segments in accordance with the requirements of Ind AS 108 'Operating Segment' and believes that the Group has only one reportable segment namely "manufacture of active pharmaceutical ingredients and allied services".

Geography-wise details of the Group's revenues from external customers and its non-current assets (other than financial instruments, investments accounted for using the equity method, deferred tax assets and post-employment benefit assets) and revenue from major customers are given below:

(i) Analysis of Group's revenues (excluding other operating revenue) based on the location of the customers:

	For the year ended	
	31 March 2018	**31 March 2017**
Europe	24,043.28	24,543.75
India	13,455.17	12,948.79
USA	6,698.60	5,166.32
Rest of the world	6,962.77	14,701.69
	51,159.82	**57,360.55**

(ii) Analysis of Group's non-current assets based on the location of the assets:

	As at		
	31 March 2018	**31 March 2017**	**1 April 2016**
India	62,063.41	50,699.63	48,411.62
USA	4.85	4.63	-
Rest of the world	6.87	5.45	4.44
	62,075.13	**50,709.71**	**48,416.06**

(iii) **Major customer**

The Group has one customer group who contributed more than 10% of the Group's revenue (excluding other operating revenue) during the current and previous year. The revenue from such major customer group during the year is ₹11,369.45 (31 March 2017: 12,511.21).

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

34. Research and development expenses

Details of research and development expenses (excluding depreciation and amortisation expense) incurred during the year and included under various heads of expenditures are given below:

	For the period ended	
	31 March 2018	**31 March 2017**
Salaries and wages	817.91	726.04
Consumption of raw materials and consumables	342.34	213.91
Power and fuel	244.82	157.99
Repairs and maintenance	-	97.29
	1,405.07	**1,195.22**

35. Opening balances of land and capital work-in-progress include amounts aggregating to ₹189.38 and ₹2,792.01, respectively, representing the cost incurred towards development and construction activity at the Company's land situated at Nanakramguda, Hyderabad, duly allotted by Telangana State Industrial Infrastructure Corporation Limited ("TSIIC") (erstwhile Andhra Pradesh Industrial Infrastructure Corporation Limited ("APIIC")). However, owing to certain unavoidable reasons, the construction work had been temporarily suspended during the prior years.

The Company, on the basis of an approval received from TSIIC, has entered into a Joint Development Agreement (JDA) with a Developer for development of IT Park at the Company's land. Subsequently the Company has entered into Supplementary Development Agreement ("SDA") with the Developer and its nominees, and is entitled to a fixed leasable / saleable area of minimum 0.33 million sq.ft., subject to the terms and conditions of the SDA. Further, the Company has agreed to sell 0.12 million sq. ft from it's own share at ₹0.02 per sq. ft to the Developer nominees on completion of the construction work. The Developer has resumed the construction work, based on receipt of approvals and clearances from the concerned authorities. The management, on the basis of its assessment of the end use of its share in the proposed project has reclassified the entire value of land and balance of capital work-in-progress as an investment property as at 31 March 2018.

Management expects the fair value of investment property under construction is reliably measurable when construction is complete, accordingly management has determined that it shall measure the fair value of investment property under construction at the earliest of either when construction is completed or when its fair value becomes reliably measurable.

36. Pursuant to the Scheme of Amalgamation and Arrangement (the "Scheme") u/s 391 to 394 of the Companies Act, 1956 and u/s 52 of the Companies Act, 2013 for amalgamation of erstwhile Neuland Health Sciences Private Limited ("NHSPL"), Holding Company and Neuland Pharma Research Private Limited ("NPRPL"), a fellow subsidiary ("Transferor Companies") with the Company, with effect from 1 April 2016 (Appointed Date), as sanctioned by the Hon'ble National Company Law Tribunal ("NCLT"), Hyderabad Bench on 21 March 2018, all the assets, liabilities of Transferor Companies were transferred to and vested in the Company, on an going concern basis. NHSPL was engaged in the business of providing research services and marketing of peptides and NPRPL in the business of research and contract manufacturing services to pharmaceutical companies.

The amalgamation has been accounted under the "Purchase Method" as per the then prevailing Accounting Standard 14 - Accounting for Amalgamations, as referred to in the Scheme approved by the Hon'ble NCLT, Hyderabad Bench. Accordingly the assets and liabilities of NHSPL and NPRPL have been recorded at their fair value as on Appointed Date and all amounts owed to/owed by the Company to Transferor Companies and vice versa as at the Appointed Date has been adjusted.

The purchase consideration of ₹31,084.99 payable by way of issue of 2,270,635 equity shares of ₹10 each [in accordance with the Scheme, 4,590,608 equity shares of ₹10 each held by NHSPL in the Company stands cancelled and the Company shall issue 6,861,095 and 148 fully paid-up equity shares of ₹10 each to the shareholders of NHSPL and NPRPL respectively] at a premium of ₹1,359 per equity share has been disclosed as Share Suspense Account under Other Equity.

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

(i) The amalgamation has resulted in transfer of assets and liabilities in accordance with the terms of the Scheme at the following summarised values:

	As at 1 April 2016	
	NHSPL	**NPRPL**
Assets		
Property, plant and equipment	71.57	997.07
Cash and bank balances	59.75	420.50
Inventories	4.64	75.28
Trade receivables	32.38	827.52
Loans and advances and other assets	988.86	1,425.38
Less: Liabilities		
Trade payables, other liabilities and provisions	111.67	1,652.39
Net assets taken over	**1,045.53**	**2,093.36**

Computation of goodwill:

	As at 1 April 2016
Value of equity shares to be issued as per the Scheme	31,084.99
* (2,270,635 equity shares of the Company of ₹10 each at a premium of ₹1,359 per share)	
Less: Net assets taken over	(3,138.89)
Goodwill- excess of consideration over net assets taken over by the Company	**27,946.10**

(ii) Below is the reconciliation of the carrying amount of goodwill:

	As at	
	31 March 2018	**31 March 2017**
Opening balance	27,946.10	
Add: Due to acquisition during the year	-	27,946.10
Less: Impairment/write off	-	-
Closing Balance	**27,946.10**	**27,946.10**

The recoverable amount of the goodwill has been assessed using a value-in-use model. Value in use is calculated as the net present value of the projected post-tax cash flows plus a terminal value of the cash generating unit to which the goodwill is allocated. Initially a post-tax discount rate is applied to calculate the net present value of the post-tax cash flows. The cash flow projections include specific estimates for five years developed using internal forecasts and a terminal growth rate thereafter of 5%. The planning horizon reflects the assumptions for short-to-mid term market developments which are based on key assumptions such as margins, expected growth rates based on past experience, new product launches and management's expectations / extrapolation of normal increase/ steady terminal growth rate). Discount rate reflects the current market assessment of the risks. The discount rate is estimated based on the weighted average cost of capital for the Company. Post-tax discount rates used were 15.03% for the year ended 31 March 2018. The management believes that any reasonable possible change in the key assumptions would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash- generating unit.

37. Related party disclosures

(a) Names of the related parties and nature of relationship

Names of related parties	Nature of relationship
Dr. D. R. Rao	Key management personnel ("KMP")
Mr. D. Sucheth Rao	
Mr. D. Saharsh Rao	
Mr. Amit Agarwal (with effect from 16 November 2017)	
Mr. Anil Kumar (upto 28 February 2017)	
Mrs. D. Vijaya Rao	Relatives of KMP
Mrs. D. Rohini Niveditha Rao	

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

(B) Transactions with related parties

	For the year ended	
	31 March 2018	**31 March 2017**
Dr. D. R. Rao		
Managerial remuneration	60.00	163.13
Mr. D. Sucheth Rao		
Managerial remuneration	50.00	141.37
Mr. D. Saharsh Rao		
Managerial remuneration	50.00	130.50
Mr. Anil Kumar		
Managerial remuneration	-	77.65
Mr. Amit Agarwal		
Managerial remuneration	32.53	-
Transactions with Non-Executive Director		
Sitting fee	3.20	1.50
Commission	2.50	5.00
Professional fee	3.87	18.12
Transactions with Independent Director		
Sitting fee	27.10	10.60
Commission	12.50	25.00
Transactions with relatives of KMP		
Mrs. D. Vijaya Rao		
Rent	65.37	62.43

Note:

In accordance with the terms of the Scheme approved by the NCLT, subsequent to the year-end on 30 April 2018, the Company has allotted equity shares of ₹10 each at a premium of ₹1,359 per equity share to the below related parties (being the erstwhile shareholders of NHSPL and NPRPL).

	No. of equity shares allotted
Dr. D R Rao	3,178,416
Mr. D. Sucheth Rao	319,906
Mr. D. Saharsh Rao	243,471
Mrs. D. Vijaya Rao	613,222
Mrs. D. Rohini Niveditha Rao	163,298

(c) Balances receivable/(payables)

	As at		
	31 March 2018	**31 March 2017**	**1 April 2016**
Dr. D. R. Rao	-	(32.24)	4.64
Mr. D. Sucheth Rao	-	(35.92)	7.24
Mr. D. Saharsh Rao	-	(30.77)	3.89
Mrs. D. Vijaya Rao	13.25	19.20	14.68
Non-executive Director	(17.51)	(24.40)	(18.60)
Independent Director	(8.47)	(22.35)	1.12

Note:

(i) Dr. D. R. Rao and D. Sucheth Rao have extended personal guarantees in connection with the loans availed by the Company. (Refer note: 15)

(ii) Dr. D. R. Rao have pledged certain share of its holding in the Company in connection with the loans availed by the Company. (Refer note: 15)

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

38. Commitments and contingent liabilities

(a) Capital commitment

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) amounts to ₹177.15 (31 March 2017: ₹149.01) (1 April 2016: ₹288.96).

(b) Contingent liabilities and pending litigations

	As at		
	31 March 2018	31 March 2017	1 April 2016
Disputed income tax liabilities			
Assessment year 1998-1999 - refer note (a) below	18.14	18.14	18.14
Assessment year 2004-2005 - refer note (b) below	693.33	693.33	-
Assessment year 2008-2009	-	-	1,145.72
Assessment year 2009-2010	-	-	727.17
Assessment year 2012-2013	19.01	19.01	421.18
Assessment year 2013-2014	-	-	217.04
Other income tax matters	96.16	96.16	124.01
Disputed service tax liabilities			
Assessment years 2009-2015 - refer note (c) below	119.32	119.32	143.41
Other service tax matters	5.70	13.11	7.41
Certain disputes, for unascertained amounts are pending in the Labor Courts, A.P. Since, the chance of appellants succeeding in their claims is less than probable, the Company does not expects any liability in this respect.	Not ascertainable	Not ascertainable	Not ascertainable

Note:

a. In connection with the income tax assessment of the Company for the assessment year ended 31 March 1999, the income tax assessing officer had disallowed certain expenditure incurred towards commission paid to non-residents in the computation of gross total income for the aforementioned period and accordingly demanded an additional tax of ₹18.14 from the Company in this regard. The management, on the basis of assessment of the nature of expenditure incurred and the applicability of the provisions relating to deduction of income tax at source and an independent expert advise sought in this regard, had filed an appeal with Honorable High Court of the Combined State of Telangana and Andhra Pradesh against the order received from the assessing officer and the outcome of the earlier appeals filed with Commissioner of Appeals (Income Tax) and Income Tax Appellate Tribunal. Pending outcome of the appeal filed with the High Court, no adjustments to the financial statements are considered necessary in this regard.

b. The Income tax authorities had re-opened the income tax assessment of the Company for the assessment year ended 31 March 2005 later than the periods permitted by the provisions of the Income Tax Act, 1961 and thereby demanded an additional tax amount of ₹693.33 on account of disallowance of certain prior period expenditure recognized by the Company in the computation of gross total income for the assessment year then ended. Aggrieved by the order of the income tax department, the management had filed an appeal with the higher authorities which had been successfully decided in favor of the Company. The income tax department has however filed an appeal with the Honorable High Court of the Combined State of Andhra Pradesh and Telangana in this regard, which is pending final outcome. The management, however, on the basis of assessment of the assessment provisions of the Income Tax Act, 1961, an independent expert advise sought in this regard and the orders of the appellate authorities in favor of the Company, is confident of securing an order from the High Court in the favor of the Company and accordingly, no adjustments have been made to the financial statements in this regard.

c. The Additional Commissioner of Customs, Central Excise & Service Tax has demanded sums aggregating to ₹119.32 in relation to payment of service tax on certain services availed by the Company from non-residents. The Company has filed an appeal against the demands of the Additional Commissioner with the Honorable High Court of the combined State of Andhra Pradesh and Telangana. The management, on the basis of assessment of the provisions of the Finance Act, 1994, is of the opinion that these demands are frivolous and not tenable and accordingly has not provided for these demands in the books of account.

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

d. During the prior years, the erstwhile Andhra Pradesh State Electricity Transmission authorities (APTRANSCO) has demanded amounts aggregating to ₹223.03 from Andhra Pradesh Gas Power Corporation Limited (APGPCL) towards payment of wheeling charges and certain other levies in relation to the power supplied by APGPCL to the Company. In lieu of the Company also being the shareholder of APGPCL, the aforesaid amounts had also been demanded from the Company by APGPCL which has been duly paid under protest by the Company. Further, aggrieved by the order of the APTRANSCO, APGPCL has filed an appeal with the Honorable High Court of the Combined State of Andhra Pradesh and Telangana disputing the said levy, which is pending final outcome as at 31 March 2018. However, on the basis of assessment of the facts of the case and the judgements pronounced in certain similar cases filed on APTRANSCO by other industry participants, the management is confident that the amounts paid under protest would be recoverable in full and accordingly no adjustments are deemed necessary to the financial statements in this regard.

e. In 2004 the then Andhra Pradesh Industrial Infrastructure Corporation Limited ("APIIC") had allotted a land parcel to the Company for setting up of a basic research and development center. Subsequently, a public interest litigation was filed with the Honorable High Court of Andhra Pradesh challenging the allotments made by the APIIC as unconstitutional and also for cancellation of the allotments in all cases where the development has not commenced or the substantial progress has not been made as per the terms of allotment. The matter is presently subjudice and pending with an appropriate authorities; management is confident of positive outcome and has considered the matter accordingly in the accompanying financial statements.

f. During the financial year ended 31 March 2008 the Commissioner and Inspector General of Stamps and Registration (CIGSR), Andhra Pradesh has vide it's order dated 22 February 2008 has cancelled the registration of the land parcel owned by the company situated at Bontapally pursuant to claims of forgery raised by the former sellers of the said land. Aggrieved by the aforesaid order the Company has filed a writ petition challenging order of CIGSR with Hon'ble High Court of Andhra Pradesh (the 'Court') as the Company was not involved during the proceedings. The Court has vide its order dated 31 December 2012 has granted stay on the cancellation order of CIGSR. Proceedings of the case are still pending with the court. The management is confident that orders will be in the favour of the Company, hence no adjustment is deemed necessary to these consolidated financial statements.

39. Capital work-in-progress

(a) Capital work-in-progress for the year ended 31 March 2018 includes amount aggregating to ₹11,884.73, incurred towards acquisition and development of a existing manufacturing facility. The management is in the process of mutation of the title for the acquired immovable property (i.e., land and building) in the Company's name.

(b) Expenditure during construction period (pending allocation)

	For the year ended 31 March 2018
Opening Balance	-
Add:	
Employee benefits expense	73.37
Power and fuel	20.32
Factory maintenance	46.22
Rates and taxes	21.08
Others	32.02
Less:	
Capitalized during the year	-
	193.01

40. Events after reporting period

(a) In accordance with the terms of the Scheme approved by the NCLT, the Company has allotted 6,861,243 equity shares of ₹10 each at a premium of ₹1,359 per equity share to the shareholders of NHSPL and NPRPL on 30 April 2018.

(b) The Board of Directors of the Company at its meeting held on 9 April 2018, has subject to the approval of the members and other appropriate approvals has approved issuance of maximum 1,675,000 equity shares of ₹10 each through qualified institutional placement, in accordance with the provisions of Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and applicable provisions of the Companies Act, 2013 and Rules issued thereunder.

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

41. Additional disclosure as required under paragraph 2 of 'General Instructions for the preparation of Consolidated Financial Statements' of the Schedule III to the Act

	Net assets *						Share in profit / (loss)				Share in other comprehensive income ("OCI")				Share in total comprehensive income			
	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount	As % of consolidated profit / (loss)	Amount	As % of consolidated profit / (loss)	Amount	As % of consolidated OCI	Amount	As % of consolidated OCI	Amount	As % of consolidated total comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
	31 March 2018		31 March 2017		1 April 2016		31 March 2018		31 March 2017		31 March 2018		31 March 2017		31 March 2018		31 March 2017	
Parent	99.42%	55,478.00	99.48%	54,277.65	99.51%	49,741.06	97.89%	1,180.81	98.97%	4,638.40	53.82%	19.54	268.70%	16.46	96.60%	1,200.35	99.20%	4,654.86
Subsidiary incorporated outside India																		
Neuland Laboratories Inc	0.45%	251.58	0.40%	220.48	0.39%	193.47	2.53%	30.47	0.69%	32.52	0.00%	-	0.00%	-	2.45%	30.47	0.69%	32.52
Neuland Laboratories KK	0.16%	90.51	0.14%	74.16	0.13%	65.49	0.97%	11.73	0.23%	10.73	0.00%	-	0.00%	-	0.94%	11.73	0.23%	10.73
Total	**100.03%**	**55,820.09**	**100.02%**	**54,572.29**	**100.03%**	**50,000.02**	**101.39%**	**1,223.01**	**99.90%**	**4,681.65**	**53.82%**	**19.54**	**268.70%**	**16.46**	**100.00%**	**1,242.55**	**100.12%**	**4,698.11**
Consolidation adjustments	-0.03%	(15.81)	-0.02%	(10.61)	-0.03%	(12.65)	-1.39%	(16.72)	0.10%	4.81	46.19%	16.77	-168.63%	(10.33)	0.00%	0.05	-0.12%	(5.52)
Net amount	**100.00%**	**55,804.28**	**100.00%**	**54,561.68**	**100.00%**	**49,987.37**	**100.00%**	**1,206.29**	**100.00%**	**4,686.46**	**100.00%**	**36.31**	**100.00%**	**6.13**	**100.00%**	**1,242.60**	**100.00%**	**4,692.59**

* Net assets means total assets minus total liabilities excluding shareholders funds.

Note:

The disclosure as above represents separate information for each of the consolidated entities before elimination of inter-company transactions. The net impact on elimination of inter-company transactions / profits / consolidation adjustments have been disclosed separately. Based on the group structure, the manangement is of the view that the above disclosure is appropriate under the requirements of the Act.

42. First time adoption of Ind AS

These financial statement have been prepared in accordance with the Ind AS. For the purpose of transition from previous GAAP to Ind AS, the Group has followed the guidance prescribed under Ind AS 101 – First time adoption of Indian Accounting Standards ("Ind AS 101"), with effect from 1 April 2016 ("transition date"). In preparing its Ind AS Balance Sheet as at 1 April 2016 and in presenting the comparative information for the year ended 31 March 2017, the Group has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains how the transition from previous GAAP to Ind AS has affected the Group's balance sheet and financial performance.

I Optional exemptions availed and mandatory exemptions applied

Set out below are the Ind AS 101 optional exemptions availed as applicable and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

(i) Deemed cost for property, plant and equipment and intangible assets

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets recognised as at 1 April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment and intangible assets.

(ii) Designation of previously recognised financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI on the basis of the facts and circumstances at the date of transition to Ind AS. The Group has elected to apply this exemption for its investments.

(iii) Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:

a) Investment in equity instruments carried at FVOCI.

b) Impairment of financial assets based on expected credit loss model.

c) Determination of the discounted value for financial instruments carried at amortised cost.

(iv) Classification and measurement of financial assets and liabilities

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Group has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

(v) De-recognition of financial assets and liabilities

The Group has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after the transition date.

(vi) Hedge accounting

Hedge accounting can only be applied prospectively from the transition date to transactions that satisfy the hedge accounting criteria in accordance with the requirements of Ind AS 109, Financial Instruments. As at the date of transition to Ind AS, the Company has measured all derivatives at fair value through profit or loss and eliminated all deferred losses and gains arising on derivatives that were reported in accordance with previous GAAP assets or liabilities.

(All amounts in ₹ lakhs, except of share data or as otherwise stated)

II Reconciliations

(i) Reconciliation of total equity

	As at	
	31 March 2017	**1 April 2016**
Total equity as per previous GAAP	**21,947.56**	**18,663.50**
Adjusted effect of the merger of NHSPL and NPRPL	30,423.69	31,084.99
	52,371.25	**49,748.49**
Add / (less) : Adjustments for GAAP differences		
Derecognition of liability for proposed dividend including DDT	-	213.84
Change in fair value of investments	49.56	1.43
Reversal of amortization of goodwill acquired in a Business Combination	2,794.60	-
Deferred tax due to Ind AS adjustments	(625.89)	-
Others	(27.84)	23.61
Equity as per Ind-AS	**54,561.68**	**49,987.37**

(ii) Reconciliation of total comprehensive income

	Year ended 31 March 2017
Net Profit under IGAAP	**3,280.30**
Adjusted effect of the merger of NHSPL and NPRPL	(751.34)
	2,528.96
Add / (less) : Adjustments for GAAP differences	
Reversal of amortization of goodwill acquired in a Business Combination	2,794.60
Deferred tax due to Ind AS adjustments	(619.00)
Other Ind AS adjustments	(28.43)
Net profit as per Ind AS	**4,676.13**
Other comprehensive income	16.46
Total comprehensive income as per Ind AS	**4,692.59**

(iii) Notes to the reconciliations

a) Proposed dividend (including dividend distribution tax)

Under the Indian GAAP till 31 March 2016, dividends proposed by the Board of Directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend (including dividend distribution tax) as at 31 March 2016 included under short-term provisions has been de-recognised against retained earnings. Consequently, the total equity increased by an equivalent amount.

b) Remeasurement of post-employment benefit obligations

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to statement of profit or loss. Under Ind AS, remeasurements comprising of actuarial gains and losses are recognised in the balance sheet with a corresponding debit or credit to retained earnings through OCI.

c) Amortization of goodwill

Goodwill acquired in a business combination is not amortized and is mandatorily tested for impairment as per the requirements of Ind AS 36 Impairment of Assets. Accordingly, the Company has reversed the goodwill amortized under Indian GAAP for the year ended 31 March 2017.

d) FVTOCI financial assets

Under Indian GAAP, the Company accounted for investments at cost. Under Ind AS, the Company has designated such investments, except for investments in subsidiaries, as FVTOCI investments. Ind AS requires FVTOCI investments to be measured at fair value. At the date of transition to Ind AS, difference between the instruments fair value and Indian GAAP carrying amount has been recognised as a separate component of equity, in the retained earnings, net of related deferred taxes.

e) MAT credit entitlement

MAT credit entitlement is to be presented under loans and advance in accordance with Guidance Note on "Accounting for Credit available in respect of MAT under the Income Tax Act, 1961" issued by ICAI. However, as per Ind AS, MAT credit entitlement is generally recognized as a deferred tax asset with a corresponding deferred tax benefit in the statement of profit and loss. Accordingly, the Company has reclassified the MAT credit entitlement from loans and advances to deferred tax assets as at 31 March 2017 and 1 April 2016.

f) Excise duty on sale of goods

As per Indian GAAP, excise duty should included be in the turnover and should be shown as reduction from the gross turnover on the face of the statement of profit and loss. However, Ind AS 18 does not specifically prescribe any guidance for inclusive presentation of excise duty. Accordingly the Company has presented revenue gross of excise duty, which has resulted in increase of revenue and increase of excise duty expense by ₹883.97 for the year ended 31 March 2017.

g) Retained earnings

Retained earnings as at 1 April, 2016 has been adjusted consequent to the above Ind AS transition adjustments.

h) Statement of cash flows

The transition from Indian GAAP to Ind AS had no material impact on the statement of cash flows.

43. The consolidated financial statements are approved for issue by the Company's Board of Directors on 11 May 2018

This is the Summary of significant accounting policies and other explnanatory information referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants

per **Sanjay Kumar Jain**
Partner

Place: Hyderabad
Date: 11 May 2018

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

Dr. D. R. Rao
Chairman &
Managing Director

D. Sucheth Rao
Vice Chairman and CEO

D. Saharsh Rao
Joint Managing
Director

Amit Agarwal
Chief Financial Officer

Sarada Bhamidipati
Company Secretary

Place: Hyderabad
Date: 11 May 2018

Form AOC-I

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries / joint ventures

Part "A": Subsidiaries

(₹ in lacs)

Name of Subsidiary	Neuland Laboratories K.K.	Neuland Laboratories Inc.
Country	**Japan**	**U.S.A**
Reporting Currency	**¥**	**US$**
Exchange Rate	**0.6150**	**64.94**
Share Capital	15.37	0.45
Reserves & Surplus	49.86	254.36
Total Assets	118.25	435.48
Total Liabilities	118.25	435.48
Investments Made	-	-
Turnover	264.70	896.70
Profit / (Loss) before Taxation	(3.50)	42.92
Provision for Taxation	1.72	12.22
Profit / (Loss) after Taxation	(5.22)	30.70
Proposed Dividend	-	-
% of shareholding	100%	100%

Notes:

- *There is no subsidiary which is yet to commence operations.*

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

Dr. D.R. Rao
Chairman and Managing Director

D. Sucheth Rao
Vice-Chairman & CEO

D. Saharsh Rao
Joint Managing Director

Amit Agarwal
Chief Financial Officer

Sarada Bhamidipati
Company Secretary

NOTES

NEULAND

WHERE OPPORTUNITY BECOMES REALITY

Neuland Laboratories Limited

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