



**VALUES DEFINE OUR FUTURE.  
AGILE. ADEPT. FOCUSED.**

# CONTENTS

## 01

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### **CORPORATE OVERVIEW**

|  |       |
|--|-------|
| Values define our future. Agile. Adept. Focused. | 01    |
| Our Values, Our Pledge                           | 02-03 |
| The Company in brief                             | 04-05 |
| Message from the Chairman                        | 06    |
| Message from the Managing Director               | 07    |
| Board of Directors                               | 08-09 |
| Corporate Social Responsibility                  | 10-11 |

## 12

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### **DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

|   |       |
|---|-------|
| Directors' Report                         | 13-35 |
| Auditor's Report and Financial Statements | 36-63 |

#### **Caution regarding Forward Looking Statements**

Certain statements in this annual report concerning our future growth prospects are forward-looking statements, which involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. 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 materialise, or should underlying assumptions prove inaccurate, our actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



## **VALUES DEFINE OUR FUTURE. AGILE. ADEPT. FOCUSED.**

When the going gets tough, the tough get going. And we are moving forward, taking one step at a time.

The year 2015-16 (FY16) proved to be our stepping stone, heralding an exciting new phase in our corporate journey. Drawing strength from our resolve to stabilize, sustain and grow, we made significant progress during the last fiscal. Drawing inspiration from our enabling values, we are getting future ready - agile, adept and focused.

For a few years, the production at our Kalyani facility had been significantly impacted, taking a toll on our revenues and profitability and also affecting the production at other plants due to reduced Active Pharmaceutical Ingredients (API) supply from Kalyani. FY16 saw first signs of success from our resolve to overcome our operational challenges and reduce redundancy to infuse a new lease of life in our business operations. The result was a near complete turnaround of the Kalyani, West Bengal, manufacturing facility that further reiterated our agility, adeptness, and focus.

FY16 has also set the growth momentum in the right direction. We witnessed 17.58% growth in our revenues, from ₹ 47,212.77 lacs in FY15 to ₹ 55,512.18 lacs in FY16. On the profitability front, we have managed to reduce Net Losses by about 47.62%, from ₹ 15,711.69 lacs in FY15 to ₹ 8,228.57 lacs in FY16. These encouraging numbers speak volumes of our agility, adeptness and focus.

In FY16, we continued to remain one of the leading players in generic oncology drugs business. We launched new medicines in Europe and other emerging markets. The key strategic attributes of our leadership pursuit remained 'speed to market', 'cost competitiveness', 'portfolio expansion' and 'innovation & development'. Our total expenditure on research and development (R&D) during FY16 was 25.06%. We made significant investments in up-gradation and capability enhancement across our manufacturing facilities. During FY16, we focused on increasing the number of Ready-to-Use (RTU) injectable formulations. On the social responsibility front, we remained steadfast to our commitments with a renewed vigor. These developments further emphasize that Fresenius Kabi Oncology Limited is agile, adept and focused.

We believe that the momentum gained in FY16 across functions will give the desired trajectory to our growth. We believe that our values will play a critical role in our journey ahead, **our values define our future - agile, adept, focused.**

## OUR ENABLING VALUES

### QUALITY

- We demand excellence:



We are committed to quality in everything we do. All our business practices and processes are designed to achieve excellence in quality along the entire value chain - from research and development through production to sales and marketing.

### CUSTOMER FOCUS

- We put customers first:



In all aspects of our operations, from product development and production to delivery and customer support, we at Fresenius Kabi are focused on our customers' needs and expectations. Our success is dependent on helping our customers fulfill their mission: the best therapy and care of patients.

### INTEGRITY

- We are trustworthy:



We deliver on our commitments and act with high standards of ethics and compliance. We are committed to dealing fairly and honestly with employees, business partners, government authorities & the general public. Success in our business ventures depends upon maintaining the trust of these essential stakeholders.

### COLLABORATION

- We work well together:



We treat one another as respected partners. Our success is based on a common understanding of our goals as well as the skills and commitment necessary to achieve them together.

### CREATIVITY

- We deliver solutions:



We find better ways to work and better solutions to customer challenges. We apply our unique expertise in medicines and technologies to create products and services that advance the therapy and care of critically and chronically ill patients worldwide.

### PASSION & COMMITMENT

- We care:



We are dedicated to help improving patient outcomes and to create value for our stakeholders. We set clear goals and work with passion to achieve them.

## OUR VALUES PLEDGE

During FY16, we vowed to live by our values. We took pledge to take values as our true mentor and companion at our Corporate Office in Gurgaon, India. Employees across the board, functions and hierarchies participated wholeheartedly in this value pledge. Here are some glimpses:





## THE COMPANY IN BRIEF

We are a vertically integrated pharmaceutical Company engaged in research, manufacturing and marketing of Oncology (anti-cancer) drugs for critically and chronically ill patients. Our product range is wide spread across finished dosage in form of injectables, cytotoxics, cytostatics, intermediaries and Active Pharmaceutical Ingredients (APIs). We focus and specialize in generic Oncology drugs, the unbranded version of leading branded drug with equally effective dosage, formulation, quality and results. Our mission statement commits us to "Caring for life" by providing quality medicines at reasonable prices, globally. We draw lineage and strengths from our global parent 'Fresenius Kabi, Germany'.

### OUR PRODUCTS:

**Active Pharmaceutical Ingredients (APIs):** The single most important ingredient of a finished (ready-to-use) medicine dosage. We manufacture high potency Active Pharmaceutical Ingredients which mainly include cytotoxic, cyto static and Anesthetics and drug intermediates

**Finished Dosage Products:** Our ready-to-use finished products are manufactured for and marketed in India, European Union, Australia, USA, Canada, Mexico and Russia.

### OUR MANUFACTURING INFRASTRUCTURE:

We pride ourselves with world-class manufacturing facilities in India which deliver excellence in manufacturing and quality. Our manufacturing facilities have been certified with world's leading certification bodies in pharmaceutical industry. These certifications include USFDA, MHRA, TGA, ANVISA, EDQM, COFEPRIS and KFDA among others.

#### 1. Manufacturing Plant-Baddi (H.P.) - Formulations Unit

19, HPSIDC Industrial Area, Baddi, District Solan, Himachal Pradesh - 173 205 (India)

#### 2. Manufacturing Plant-Nalagarh (H.P.) - Formulations Unit

Village Kishanpura, Tehsil Nalagarh, District Solan, Himachal Pradesh - 174 101 (India)

#### 3. Manufacturing Plant-Kalyani (W.B.) - Active Pharmaceutical Ingredients (API) Unit

D-35, Industrial Area, Kalyani, District Nadia, West Bengal - 741 235 (India)

Kalyani Plant



**OUR CORE STRENGTHS:**

**Comprehensive Product Portfolio:** With world class formulations including cytotoxic and cytostatic in both - oral as well injectable forms, Fresenius Kabi Oncology Ltd. is amongst the leaders in the generic Oncology drugs market. We continue to invest heavily in our portfolio expansion, market expansion and R&D to reach a larger market with wider product offerings.

**Cost effective solutions:** Cost competitiveness despite highest quality standards, gives us that edge to penetrate markets deeper and stay on top of decision makers and influencers. Our in-house R&D facility; in-depth oncology market knowledge; and strong manufacturing; helps us maintain both - quality and cost-competitiveness.

**Speed to market:** Being in generic drugs market of sensitive, niche and growing Oncology segment, our agility to reach market is one of the biggest enablers for us. With our deep-rooted expertise, swift response, close monitoring & predicting of expiring patents and rich talent pool in the right place, we maintain our speed to market.

**Research & Development:** Our state-of-the-art Gurgaon R&D facility (Innovation and Development Center) at Gurgaon, Haryana, is equipped with best of the technology and infrastructure together with exceptionally talented pool of approximately 220 scientists, has always kept us ahead of our competition.

**Strong Market Network:** We derive our strength from the enviable lineage of our global parent company, Fresenius Kabi, Germany. Experience gained in generic Oncology drug marketing gives us the competitive advantage for some of the core cytotoxics that are used world-wide.



Baddi Plant





## Message from The Chairman

*Dear Shareholders,*

It is with great pleasure I extend to you warmest greetings on behalf of Fresenius Kabi Oncology Ltd, its Board of Directors, all its employees and my own behalf. It is my great privilege to present to you this Annual Report for the year 2015-16 of the Company. As you will see we had quite a successful year during which we were able to accomplish many goals which we had set for ourselves, and show all round improvement in our operations, sales, marketing as well as financial health.

During the previous financial year (2014-15), we had vowed to strengthen ourselves from within by wholeheartedly committing to our core values. In the year just concluded, we continued to tread the same path with renewed ardour and vigour so that our core values not only became a part of our culture and work ethos but also a part of our being. As an organization primarily dedicated towards the development and manufacturing of life-saving medicines for our end customers, the critically and chronically ill patients, we are aware of the fact that our values are our guiding light. We are marching slowly but steadily on the chosen path, imbibing and living our values day-in and day-out.

The global business environment today is full of volatility, uncertainty, complexity and ambiguity. Pharmaceutical industry has the added dimension of being highly regulated on both operations as well as pricing fronts. Even against such a challenging backdrop, the Company has shown a performance on the upswing. The world economy showed a growth of 3.1% in Calendar Year 2015 (CY15), down from 3.4% in the previous year. However, a 3.2% growth together with signs of recovery from CY2016 onwards, indicates a positive outlook. The Indian economy, on the other hand, grew at the highest pace among the world's major economies, registering a growth of 7.6% in FY16. The positive investor sentiment supported by the Government's significant focus on reforms and implementation fronts are likely to further push the momentum.

Coming to pharma generics and oncology products in particular, the outlook is very positive. A recent Deloitte study has forecasted that the overall generics will form 36% of the total medical spend by 2017; it is a significant growth from 27% in 2012. IMS Health Holdings' June 2016 report states that the global spending on generic oncology drugs was USD 107 billion in 2015, up from USD 90 billion in 2011. The total global oncology drugs market is expected to cross USD 150 billion mark by 2020 while the global oncology drugs market is expected to grow at 10.5%. The Asia-Pacific region is estimated to record 8.7% compound annual growth rate during the same period. These trends indicate a rise in awareness levels among a maturing population and increase in acceptance of newer therapies and treatments. It gives us the opportunity to serve the humanity with best of the treatments and medicine products and fulfilling our mission – 'Caring for Life'.

We remain committed to our H'ble Prime Minister's clarion call of "Make in India", ensuring that our manufacturing facilities become world class, meeting all regulatory requirements, our processes are most efficient, our R&D is fully aligned to our business strategy and our exports are ever growing. While striving to achieve these goals, our fully committed employees remain challenged but at the same time feel fulfilled and happy.

I would like to take this opportunity to thank all our stakeholders for reposing their trust in us and remaining partners in our success story. I look forward to your continuing support and co-operation in the future.

Best regards

**Rakesh Bhargava**  
Chairman







## Message from The Managing Director

*Dear Shareholders,*

It gives me immense pleasure to address you all for the first time and take you through the operational and financial performance of the Company for the Year 2015-16 (FY16).

The global economy and India are looking forward to the future with optimism and better propositions. The Company, too, is gearing up for an exciting new phase of its journey. Our deep ingrained values have kept us steadfast with our commitments to all stakeholders. Taking inspiration from our enabling values, we are making Fresenius Kabi Oncology ready for future - agile, adept and focused. We are on that turn of our journey where we can believe that the worst is behind us. With improvements and achievements across the board, FY16 can well be considered as foundation for an exciting future.

During FY16, we infused agility in addressing our operational challenges. We made significant progress towards removing roadblocks to enable synergistic, consistent and yielding operations. Our Kalyani (West Bengal) facility is nearing complete revival post a three-year period of lower productions following some regulatory issues. Today, besides maintaining a high operating uptime, Kalyani facility has resumed API (Active Pharmaceutical Ingredients) supply to other plants also. We have also made futuristic investments in technology upgrade and capability enhancement across our manufacturing facilities to ensure constant operational efficiency.

We have worked rigorously towards maintaining our position as one of world's leading generic oncology drug maker. Our 'speed to market' and 'cost competitiveness' helped us penetrate our markets deeper and wider. We have launched new products in Latin America, Asia Pacific, and Africa to add to our strong product portfolio. The new launches included Docetaxel in Chile, Bleomycin in Malaysia and Irinotecan in Vietnam. Further, our 'oncology segment expertise and knowledge', 'strong global marketing and distribution network' and 'enviable lineage of our global parent - Fresenius Kabi, Germany', add immensely to our competitive edge.

Our focus on creating and delivering stakeholder value has always remained staunch. We had gone through a consistent phase of challenges, but our focus was clear and our endeavours were resolute. The result is 17.58% growth in our revenues, from ₹ 47,212.77 lacs in FY15 to ₹ 55,512.88 lacs in FY16. We have managed to reduce our net losses significantly. Our Net Loss witnessed 47.62% decrease, from ₹ 15,711.69 lacs in FY15 to ₹ 8,228.57 lacs in FY16.

As we are ushering in a new era, we have prepared ourselves for challenges and opportunities of the future. We have invested in capability building, productivity enhancement and engagement programs for our employees. On the other hand, in our quest to build world-class R&D capabilities, we invested an amount equal to 25.06% of our revenues in R&D.

Our commitment to Corporate Social Responsibility (CSR) remained unrelenting during FY16 as well. Our value-driven culture, strong policy framework, and an enabling execution framework helped our CSR initiatives reach the underprivileged.

I thank our shareholders, investors, and partners for their support and for believing in our long-term plans. I also thank our Board of Directors and employees for their contribution in our endeavors.

Sincerely yours

**Maria Gobbi**  
Managing Director



## BOARD OF DIRECTORS



**Mr. Rakesh Bhargava**  
(Non- Executive Chairman)



**Ms. Maria Gobbi**  
(Managing Director)



**Mr. Nikhil Kulshreshtha**  
(Whole-Time Director & Secretary)



**Mr. Karsten Peter Lerch**  
(Whole-Time Director & CFO)



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**Mr. Dilip G. Shah**  
(Non-Executive Independent Director)

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**Dr. Michael Schönhofen**  
(Non-Executive Director)

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**Mr. Rajiv Lochan Jain**  
(Non-Executive Independent Director)

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**Mr. Steffen Georg Roser**  
(Non-Executive Director)

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## CORPORATE SOCIAL RESPONSIBILITY

At Fresenius Kabi Oncology Ltd., we have ensured that the Corporate Social Responsibility (CSR) is an integral part of our business operations. We firmly believe that inclusive growth is not merely about fulfilling social responsibility as a mere obligation, but a part of our existence and quite pertinent for the development of our society, business and nation. We are of the view that being responsible towards our society and environment shows our commitment towards our stakeholders – patients, investors, bankers, employees, and the exchequer. As we are getting ready for future by being agile, adept and focused, we at Fresenius Kabi Oncology Ltd. have taken it upon ourselves to do whatever little we can do to fulfill our social responsibilities through a plethora of activities with utmost sincerity and devotion.

We have adopted a comprehensive CSR policy, which goes beyond addressing the compliance and mandated purview, and takes our pledge a step further. It ensures that we not only give back to the society in ample measures but deliver our promises on ground, constantly monitor CSR activities and make improvements and course-corrections, if need be. Our CSR policy has a two-tier approach for clear demarcation and delegation of two key components – planning and execution. A CSR Committee of the Board of Directors looks after the planning, controlling and supervising of CSR activities. The on-ground execution of CSR activities is entrusted to a CSR Steering Committee, which is an empowered committee nominated and supervised by the CSR Committee of the Board of Directors.

At present, the CSR Steering Committee has representatives from the Corporate Office, manufacturing plants and innovation & development center. The Chairman of the Steering Committee is nominated by the Managing Director of the Company.

Our core focus areas under CSR activities are health and education. We believe that a healthy body and an enriched mind will have a manifold impact on the society at large. We engage with communities from the locations that surround our areas of operations to ensure that there is no gap in delivery. We are of the opinion that for achieving any social impact, the efforts need to be consistent and engaging in adequate measures.

A broad-based identification of the nature of CSR programs that we undertake are as follows:

1. Promoting preventive healthcare and sanitation and making safe drinking water available to all
2. Promoting education, including special education and employment enhancing vocation skills, especially among children, women, elderly, and the differently abled and running livelihood enhancement projects
3. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans, setting up old age homes, day care centers and such other facilities for senior citizens and infants to reduce inequalities faced by the socially and economically backward groups
4. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water
5. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities, and women
6. Contribution of funds to technology incubators located within academic institutions that are approved by the Central Government

### OUR CSR ACTIVITIES DURING FY16\*:

- Infrastructure development and maintenance of such facilities to schools adjoining the areas of our business operations – Gurgaon (Haryana), Nadia (West Bengal), Solan (Himachal Pradesh)
- Awarding scholarships to deserving underprivileged students in Nadia (WB)
- Development and maintenance of toilets in schools and locations surrounding business operations in Nadia (WB) and Solan (HP)
- Capacity building and training, etc. for employees and CSR partner organizations in the National Capital Region, West Bengal and Himachal Pradesh





From our CSR initiatives, approximately 4000 students have been benefitted across the three locations in eight government primary and senior secondary schools.

\*A location-wise detailed account of CSR activities is given as part of Directors' Report under the CSR section.

All the aforesaid activities have been taken up suo-moto, without any statutory compulsion as the Company had been incurring losses for the last couple of years.

Further, as part of our commitment to our environment, we took multiple initiatives and implemented many existing programs.

- Usage of treated effluent water for gardening and toilets at our Corporate Office in Gurgaon, Haryana
- Various energy saving measures adopted in day-to-day business operations across all our offices and manufacturing locations
- A number of steps to save and recycle fresh, rain and ground water across multiple locations

We reaffirmed our commitment towards making CSR not just a part of our business, but a way of our lives. In this direction, we encouraged and our employees welcomed the move of delivering these CSR benefits themselves. We had formed various teams of employees across locations to become part of the mechanism to work towards achieving this cause. It was immensely gratifying to see our teams, at respective locations, taking from the front - right from minute planning to delivery of these benefits and overseeing till the end.

We believe that being future ready is also about making our growth more inclusive.



DIRECTORS'

# REPORT

AND FINANCIAL STATEMENTS



# DIRECTORS' REPORT

Dear Shareholders,

The Board presents below the report on the business and operations of the Company for the financial year ended 31<sup>st</sup> March 2016.

## FINANCIAL PERFORMANCE

Key aspects of Company's financial performance for the financial year ended 31<sup>st</sup> March 2016 are summarized below:

| Particulars  | (₹ in lacs)                                    |  |
|--|--|--|
|  | For the year ended 31 <sup>st</sup> March 2016 | For the year ended 31 <sup>st</sup> March 2015 |
| Turnover (including other income)  | 55,512.18                                      | 47,212.77                                      |
| Profit before Tax and Extraordinary Item   | (11,418.13)                                    | (15,425.36)                                    |
| Extraordinary Item   | 1,638.04                                       | -  |
| Profit/Loss before Tax   | (9,780.09)                                     | (15,425.36)                                    |
| Less: Provision for Taxation (Current)   | -  | -  |
| Provision for Taxation (Deferred)  | (1,551.52)                                     | 286.33   |
| Profit/Loss after tax  | (8,228.57)                                     | (15,711.69)                                    |
| Add: Balance of Profit/Loss brought forward from previous year                     | (21,529.47)                                    | (5,666.46)                                     |
| Depreciation on the overaged components in terms of Sch. II of Companies Act, 2013 | (147.44)                                       | (151.32)                                       |
| Total Loss   | (29,905.48)                                    | (21,529.47)                                    |
| Appropriation to: General Reserve  | -  | -  |
| Balance carried over to the Balance Sheet  | (29,905.48)                                    | (21,529.47)                                    |

## DIVIDEND

In view of the losses incurred by the Company, the Board regrets its inability to recommend any dividend for the financial year ended March 31, 2016.

## BUSINESS PERFORMANCE AND OPERATIONS

The performance during the year underscores the efforts made by the management in putting the operations back on track. Due to sustained efforts and remediation measures

implemented at the plants, the Company witnessed significant growth in revenues and reduction in net loss compared to the previous year.

### Financial snapshots:

- Revenue increased from ₹ 47,212.77 lacs in FY 2014-15 to ₹ 55,512.18 lacs in FY 2015-16, a positive growth of ₹ 8,299.41 lacs (17.58%).
- The net loss decreased from ₹ 15,711.69 lacs in FY 2014-15 to ₹ 8,228.57 lacs in FY 2015-16, representing an improvement of ₹ 7,483.12 lacs. The reduction in loss was mainly on account of:
  - decreased input cost due to resumption of supplies of raw material from Kalyani,
  - reduction in exceptional expenses related to Kalyani remediation measures,
  - increase in service income from I&D.

## GLOBAL & DOMESTIC TRENDS IN ONCOLOGY

The Economist Intelligence Unit (EIU) reports that health care spending in the 60 countries that it covers rose by 2.6 percent in nominal U.S. dollar terms in 2014. And while spending growth is expected to pick up beginning in 2016, the pressure to reduce costs, increase efficiency, and prove value remains intense. Because of these contradictory trends, global health care spending is expected to increase by only an average of 4.3 percent in 2015-2019, more slowly than it did before the 2009 recession. However, the longer-term outlook is more positive: pharma spending growth should match health spending growth at an average of 4.3 percent during 2015-2019, and global pharma sales should reach \$1.4 trillion by 2019.

As per a study by Deloitte, demand for generic drugs should continue to rise as payers pursue avenues to reduce costs. Generics should take a larger share of total global medicine spend, increasing from 27 percent (\$261 billion) in 2012 to 36 percent (\$421 billion) by 2017.

As per a report by Allied Market Research, rising incidence of various cancer conditions, growing popularity of advance therapies (biological and targeted drug therapies), patents expiration of leading drugs along with commercialization of follow-on-biologics are the few factors driving the growth of global cancer/oncology drugs market. However, high cost involved in new drug development coupled with threat of

failure and adverse effects associated with cancer drugs therapies may restrain the development of the market. The worldwide spending on oncology drugs reached US\$ 107 billion in 2015, an 11.5% increase over the previous year and up from US\$ 90 billion in 2011 as some 70 new cancer treatments for more than 20 tumour types entered the market over the past 5 years. The global oncology drugs market is expected to exceed \$150 billion by 2020, growing annually at 10.5%. Asia-Pacific market would grow at the promising CAGR of 8.7% during the forecast period. Such high growth rate is majorly due to aging populations, increasing awareness towards advanced therapies namely immunotherapy, improved survival rates and increase in per capita healthcare spending. According to GBI Research the Asia Pacific market, which includes India, for breast cancer alone is set to experience considerable expansion from US\$ 1.9 billion in 2014 to US\$ 3.4 billion by 2021, growing at a robust compound annual growth rate of 8.5%.

On the Domestic front, new cancer cases or its incidence is estimated to grow by 25% by 2020 in India according to cancer registry released by Indian Council of Medical Research (ICMR). Cancer cases in India are expected to jump from around 14 lacs in 2016 to over 17.3 lacs by 2020. Breast, lung and cervical cancer have topped the list of new cases. The increase is alarming and will drive the Oncology drugs market to ₹ 3,831 crore with 15.46% CAGR by 2017. This growth is also driven by increasing awareness, affordability, increased diagnostic facilities, emergence of corporate hospitals, aggressive prescription trends and availability of best quality drugs locally at reasonable prices.

#### KEY UPDATES

During the year, Company's Finished Dosage Plant situated at Nalagarh (Himachal Pradesh, India), underwent inspection by US FDA, TGA, MHRA and other regulators. Final results for these audits are awaited and the Company expects to have a positive response from the regulators. Consistent efforts are also being made to upgrade existing facilities as per latest global standards and the Company has been making substantial investments for this upgradation.

Company's API manufacturing plant situated at Kalyani (West Bengal, India) has also been consistently trying to improve its standards by introducing process improvement measures and introducing new technology wherever required. The site was inspected by TGA and ANVISA during the year.

Kalyani plant also received the following awards on EHS front during the year:

- Greentech Silver Award in Pharmaceutical Sector for outstanding achievement in environment management
- Indian Green Manufacturing Challenge (IGMC) Silver Award 2015 from International Research Institute for Manufacturing
- Certificate of appreciation and Safety Award 2015 by National Safety Council of India (NSCI) in Manufacturing Sector

We, at Fresenius Kabi Oncology Ltd. believe that tomorrow's innovative solutions are a result of today's innovation and development (I&D) efforts. Therefore we have always understood the importance of investing in our I&D capabilities and this includes the modern I&D center at our Gurgaon location which can boast of cutting edge technology and instruments. Our R&D team has a unique repertoire of skills to ensure development of high-quality and cost effective products. The I&D vertical has also been handsomely contributing in the positive revenue growth and profitability of the Company during the year.

Dedicated and motivated employees are the pillar of greatest strength for any Company. Keeping this philosophy at the helm of its business decisions, Fresenius Kabi Oncology Ltd. is dedicated to nurture a work culture that fosters collaboration, passion and pursuit for excellence. During 2015-16, the Company focused on capability enhancement, employee engagement and health management initiatives aimed at the overall development of our workforce. As a part of employee wellness initiative, the Company facilitated preventive health check-ups for its employees in collaboration with one of the best hospitals. This was in addition to the various health talks and initiatives that the Company undertook for its most important resource- its employees.

In line with our strategic direction, we continue to focus on strengthening our Information Technology base, and we shall continue to invest in new business applications and information security initiatives.

The Company continues to lay emphasis on strong and adequate internal control systems to ensure:

- Company assets are adequately safeguarded
- Transactions are authorized, timely and correctly recorded
- Adequate reliance and assurance on financial controls
- Compliance with laid down policies & procedures and applicable laws & regulations
- Effectiveness and efficiency of operations



The internal audit process follows a 'risk-based approach' in planning and conducting audits, thus aligning the internal audit focus with business objectives. The internal audit objectives are achieved through an on-going extensive review of majority of transactions.

Corrective measures and process improvements recommended by the internal auditors are communicated to the Management on a regular basis. Focus on implementation of the same is enhanced through regular follow-ups and periodic updates to the Management and the Audit Committee.

**Initiatives taken to increase exports; Development of new export markets for products and export plans:**

The Company continues to play a lead role within the generic Oncology space by consolidating its gains in leading markets worldwide. Key strategic elements include portfolio extension and management, product differentiation, gaining entry into key institutions and new product development and speedy roll-out.

'Speed to market', together with cost competitiveness remains one of our key objectives with regard to product development and product launch. This is being achieved by close internal coordination between concerned departments like Innovation & Development (I&D), Intellectual Property, Medical Affairs, Regulatory Affairs and others.

We have focused on an increased number of ready-to-use (RTU) injectable formulations that originally only existed as Lyophilized Powders. This is in line with our strategy to augment safety and convenience of our customers while handling cytotoxics.

Experience gained in generic Oncology drug manufacturing & marketing gives us the competitive advantage for some of the core cytotoxics that are used world-wide. While priority focus is always on roll-out of products via complete backward integration, semi-integrated options too are explored at times. This is to ensure balance in our portfolio, time-to-develop and market penetration, for encashing business opportunities especially in first to launch cases.

The Company has a lead position within generic Oncology space with new product launches especially in Latin America & Asia Pacific and African countries in 2015. Examples are: Chile (Docetaxel), Malaysia (Bleomycin) and Vietnam (Irinotecan). In Europe, the company has launched the products Busulfan as well as a room-temperature stable solution of Gemcitabine in various selected markets in 2015.

Further launches in Europe and in Emerging markets are lined-up for the coming years. In order to further strengthen the Company's image among the international Oncology

societies, Fresenius Kabi continues to take active part in various international conferences and scientific meetings relevant to the field of Oncology. E.g. in the European Cancer Congress (ECCO) and the European Association of Hospital Pharmacists (EAHP) among other such knowledge platforms.

With all the aforementioned efforts, we expect to increase our export earnings in near future.

**SHARE CAPITAL**

During the year under review, there is no change in share capital of the Company in comparison to previous financial year 2014-15.

**BOARD OF DIRECTORS**

**Resignation(s)**

1. *Mr. Peter F. Nilsson*

Mr. Peter F. Nilsson, Non-Executive Director of the Company, resigned from the Directorship of the Company w.e.f. February 25, 2016, due to his pre-occupations and resultant time constraints.

The Board placed on record its sincere appreciation towards the valuable contribution and guidance provided by Mr. Nilsson during his tenure with the Company.

**Appointments**

1. *Mr. Steffen Georg Roser*

Mr. Steffen Georg Roser was appointed as an Additional Director of the Company under Non-Executive Category w.e.f. August 20, 2015, in accordance with the provisions of Section 161 of the Companies Act, 2013.

*Brief Profile of Mr. Steffen Georg Roser*

Mr. Steffen Georg Roser obtained his Master's Degree in Business Administration from the Frankfurt University, Germany in 1988. He has experience of more than two decades at international level. In his professional career, he has handled many critical assignments.

In year 1989, he started his professional career as a Controller with Procter & Gamble. He joined Fresenius Group in year 1994 as a Controller - Corporate and since then has handled many critical assignments within the Fresenius group at different positions.

Mr. Steffen Georg Roser will hold office upto the date of ensuing Annual General Meeting. The Company has received a notice under Section 160 of the Companies Act, 2013 from a member proposing the candidature of Mr. Steffen Georg Roser for appointment as Director (Non - Executive category), in the ensuing Annual General Meeting. He is eligible for appointment as Director and the Board recommends his

appointment in the ensuing Annual General Meeting as a Director, liable to retire by rotation.

2. *Mr. Karsten Peter Lerch*

Mr. Karsten Peter Lerch, the existing Chief Financial Officer of the Company, was appointed as an Additional Director w.e.f. February 25, 2016, in accordance with the provisions of Section 161 of the Companies Act, 2013. He was also appointed as a Whole Time Director (with the designation of Director & CFO), not liable to retire by rotation, for a tenure of three years subject to approval of the shareholders.

*Brief Profile of Mr. Karsten Peter Lerch*

Mr. Karsten Peter Lerch obtained his degree in Economics from Eberhard-Karls-University of Tübingen, Germany in the year 2000. He has experience of more than fifteen years at international level. In his professional career, he has handled many critical assignments and acquitted extensive hands in handling finance and treasury department.

He has worked with many Internationally reputed Companies in finance, accounts, controlling and compliance functions. He joined Fresenius group in March 2014 and till recently was working as the Director Compliance & Process Excellence at Fresenius Kabi Deutschland GmbH, Pharmaceuticals Division.

In his professional career he has, *inter - alia*, handled many critical assignments related to implementing new organizational structures, improving business processes and leading efficiency gain initiatives etc. Before his induction on the Board, he was holding the position of CFO of the Company since January 2016.

Mr. Karsten Peter Lerch will hold office upto the date of ensuing Annual General Meeting. The Company has received a notice under Section 160 of the Companies Act, 2013 from a member proposing the candidature of Mr. Karsten Peter Lerch appointment as Director, in the ensuing Annual General Meeting. He is eligible for appointment as a Director and the Board recommends his appointment in the ensuing Annual General Meeting as a Whole Time Director (with the designation of Director & CFO) not liable to retire by rotation for a tenure of three years.

**Director Retiring by Rotation**

*Dr. Michael Schönhofen*

In terms of provisions of Section 152 of the Companies Act, 2013, Dr. Michael Schönhofen, Non-Executive Director of the Company, would retire by rotation at the forthcoming

Annual General Meeting and being eligible, offers himself for re-appointment.

Dr. Michael Schönhofen holds a Doctorate degree from Gesellschaft für Schwerionenforschung, Darmstadt, Germany and College of Advanced Technology, Darmstadt. Dr. Schönhofen has been associated with the Fresenius group since 1991 in various functions and responsibilities and is currently working as "President - Pharmaceuticals" with Fresenius Kabi AG, Germany. Dr. Schönhofen has been associated with the Company since year 2008 as a Non-Executive Director. The Board of Directors recommends his re-appointment.

**Key Managerial Personnel**

*Chief Financial Officer (CFO)*

Ms. Shefali Khaladkar stepped down from the position of CFO w.e.f. December 31, 2015 and Mr. Karsten Peter Lerch was appointed as the new CFO w.e.f. January 1, 2016.

**STATUTORY AUDITORS**

The Statutory Auditors of the Company, M/s G. Basu & Co., Chartered Accountants retire at the conclusion of the ensuing Annual General Meeting of the Company. They have confirmed their willingness and eligibility for re-appointment for the FY 2016-17. They have also confirmed that their re-appointment, if made, will be within the limits prescribed under section 141(3) (g) of the Companies Act, 2013. The Board of Directors of the Company recommends their re-appointment for the FY 2016-17.

**AUDITOR'S REPORT**

The Board has duly examined the Statutory Auditor's report to the accounts and clarifications, wherever necessary, have been included in the Notes to Accounts section of the Annual Report.

**FIXED DEPOSITS**

The Company has not invited/accepted any Fixed Deposits during the year under review. Consequently, no amount of principal or interest on fixed deposits was outstanding on the Balance Sheet date.

**COMMITTEES OF THE BOARD**

In terms of the provisions of the Companies Act, 2013, read with rules made thereunder, the Company has constituted following Committees:

**a) Audit Committee**

In terms of the provisions of Section 177 and other applicable provisions of the Companies Act, 2013, read with rules made thereunder, the Company has constituted an Audit Committee of Directors.

The composition of the Audit Committee during the FY 2015-16 is given below:

| Member Director           | Category                    | Status   |
|---------------------------|-----------------------------|----------|
| Mr. Dilip G. Shah         | Non-Executive (Independent) | Chairman |
| Mr. Gerrit Steen*         | Non-Executive               | Member   |
| Mr. Steffen Georg Roser # | Non-Executive               | Member   |
| Mr. Rajiv Lochan Jain     | Non-Executive (Independent) | Member   |

\* Mr. Gerrit Steen resigned w.e.f. May 7, 2015.

# Mr. Steffen Georg Roser appointed w.e.f. August 20, 2015.

The role and terms of reference of the Audit Committee covers the areas mentioned in Section 177 of the Companies Act, 2013, besides other matters as may be referred by the Board of Directors.

#### b) Stakeholders' Relationship Committee

In terms of the provisions of Section 178 and other applicable provisions of the Companies Act, 2013, read with rules made thereunder, the Company has constituted a Stakeholders' Relationship Committee of Directors.

The composition of the Stakeholders' Relationship Committee during FY 2015-16 is given below:

| Member Director        | Category                    | Status   |
|------------------------|-----------------------------|----------|
| Mr. Rakesh Bhargava    | Non- Executive              | Chairman |
| Mr. Peter F. Nilsson * | Non-Executive               | Member   |
| Mr. Dilip G. Shah      | Non-Executive (Independent) | Member   |
| Ms. Maria Gobbi #      | Managing Director           | Member   |

\* Mr. Peter F. Nilsson resigned w.e.f. February 25, 2016.

# Ms. Maria Gobbi was inducted w.e.f. February 25, 2016.

The Stakeholders' Relationship Committee is empowered to perform all the functions of the Board in relation to resolving of the Shareholders' Grievances. It primarily focuses on:

- Review of investors' complaints and their redressal;
- Review and approval of the queries/requests received from the investors/shareholders.

#### c) Nomination and Remuneration Committee:

In terms of the provisions of Section 178 and other applicable provisions of the Companies Act, 2013, read with rules made thereunder, the Company has constituted a Nomination and Remuneration Committee of Directors.

The composition of the Nomination and Remuneration Committee during FY 2015-16 is given below:

| Member Director        | Category                    | Status   |
|------------------------|-----------------------------|----------|
| Dr. Michael Schonhofen | Non-Executive               | Chairman |
| Mr. Dilip G. Shah      | Non-Executive (Independent) | Member   |
| Mr. Rajiv Lochan Jain  | Non-Executive (Independent) | Member   |

The role and terms of reference of the Nomination and Remuneration Committee cover the areas mentioned in Section 178 of the Companies Act, 2013, besides other matters as may be referred by the Board of Directors.

The Committee has also prepared a policy named "Appointment, Remuneration and Evaluation Policy" for Directors, Key Managerial Personnel (KMPs) and Sr. Management Personnel in terms of the requirements of Section 178 of the Companies Act, 2013. A copy of the policy is attached as **Annexure - I** of this report.

#### d) Corporate Social Responsibility (CSR) Committee

In terms of the provisions of Section 135 and other applicable provisions of the Companies Act, 2013, read with rules made thereunder, the Company has constituted a CSR Committee.

Composition of the CSR Committee during FY 2015-16 is given below:

| Member Director        | Category                    | Status                       |
|------------------------|-----------------------------|------------------------------|
| Mr. Peter F. Nilsson * | Non-Executive               | Member (designated Chairman) |
| Mr. Rakesh Bhargava    | Non-Executive               | Member                       |
| Mr. Rajiv Lochan Jain  | Non-Executive (Independent) | Member                       |
| Ms. Maria Gobbi #      | Managing Director           | Chairperson                  |

\* Mr. Peter F. Nilsson resigned w.e.f. February 25, 2016.

# Ms. Maria Gobbi was inducted as a member of CSR Committee w.e.f. August 20, 2015 and designated as the Chairperson of the CSR Committee w.e.f. February 25, 2016.

The content of the CSR policy along with the CSR projects undertaken along with statement of expenses incurred during the FY 2015-16 thereon is provided as **Annexure - II** of this report.

#### 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 had appointed M/s Kiran Sharma & Co., a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the FY 2015-16. The Secretarial Audit Report is annexed as **Annexure - III** of this report and it does not contain any qualification, reservation or adverse remark.

**COST AUDIT**

In terms of the exemption granted under the provisions of Companies Act, 2013, read with Companies (Cost records and audit) Rules 2014, as amended from time to time, the Company is not required to get its cost records audited by the Cost Auditors. Accordingly, the Cost records of the Company for FY 2015-16, have not been audited by the Cost Auditors.

**VIGIL MECHANISM**

In terms of the requirements of the Companies Act, 2013, a Vigil Mechanism has been established by the Company under the supervision of the Audit Committee of the Company. A dedicated process and reporting mechanism has been devised under the Vigil Mechanism Policy, formulated and implemented for this purpose.

For prompt and judicious redressal of the grievances/complaints of the employees and Directors of the Company, a nodal officer has also been designated for acting as a link between Audit Committee and the complainant(s).

Under this policy, the Nodal Officer is also required to:

- Provide a quarterly update about the grievances/complaints received from employees and Directors of the Company and redressal thereof and,
- Ensure access of the Audit Committee Chairman to the concerned employee/ Director of the Company in exceptional cases.

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

The Company has formed an Internal Complaints Committee (ICC) where employees can register their complaints against sexual harassment. This is supported by the Sexual Harassment Policy which ensures a free and fair enquiry process.

During the year ended March 31, 2016, the ICC did not receive any complaint pertaining to sexual harassment at workplace.

**General Body Meetings**

The last three Annual General Meetings were held as under:

| Financial Year | Location                                      | Date            | Time       |
|----------------|---|-----------------|------------|
| 2012 - 13      | Air Force Auditorium, Subroto Park, New Delhi | August 8, 2013  | 4:00 P.M.  |
| 2013 - 14      | Air Force Auditorium, Subroto Park, New Delhi | July 17, 2014   | 4:00 P.M.  |
| 2014 - 15      | Air Force Auditorium, Subroto Park, New Delhi | August 20, 2015 | 10:00 A.M. |

It is proposed to hold the Thirteenth Annual General Meeting of the Company for approval of the Annual Accounts for FY 2015 - 16 and other matters on Friday, August 26, 2016 at 4.00 P.M. at Air Force Auditorium, Subroto Park, New Delhi-110 010.

The shareholders are requested to refer to the Notice of the Annual General Meeting for the detailed agenda and program.

**Registrar and Transfer Agent (RTA):**

The details of RTA are given below:

|  |
|--|
| <p><b>For share transfer / dematerialization of shares, payment of dividend and any other query relating to the shares of the Company</b></p> <p><b>Link Intime India Private Limited,</b><br/>Registrar and Share Transfer Agent,<br/>44, Community Centre, 2<sup>nd</sup> Floor,<br/>Naraina Industrial Area, Phase-I,<br/>Near PVR Naraina, New Delhi - 110 028<br/>Tel No.: +91 11 41410592 - 94<br/>Email: <a href="mailto:delhi@linkintime.co.in">delhi@linkintime.co.in</a><br/>Website: <a href="http://www.linkintime.co.in">www.linkintime.co.in</a></p> |
|--|

**Address for Correspondence :**

|   |
|---|
| <p><b>For queries of Analysts, FIIs, Institutions, Mutual Funds, Banks and Investors assistance</b></p> <p><b>Mr. Nikhil Kulshreshtha,</b><br/>Director &amp; Secretary<br/>Fresenius Kabi Oncology Limited,<br/>Echelon Institutional Area, Plot No. - 11, Sector - 32,<br/>Gurgaon-122001, Haryana, India,<br/>Tel No. +91 124 488 5000<br/>Email: <a href="mailto:complianceofficer.india@fresenius-kabi.com">complianceofficer.india@fresenius-kabi.com</a></p> |
|---|

**Transfer of Unpaid Dividend to (Investor Education and Protection Fund) IEPF**

In terms of Section 205C of the Companies Act, 1956, read with the Investor Education and Protection Fund (Awareness and Protection of Investor) Rules, 2001, during the year ended March 31, 2016, there is no fund outstanding and required to be deposited to the Investors Education and Protection Fund (IEPF).



## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements of Section 134 (3) (c) of Companies Act, 2013, it is hereby confirmed that:

- (a) in the preparation of annual accounts, the applicable accounting standards have been followed;
- (b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors have prepared the annual accounts on a going concern basis;
- (e) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## ANNEXURES TO THE DIRECTORS' REPORT

In terms of the requirements of Section 134(3) of the Companies Act, 2013, following documents /information have also been annexed to the Directors' Report:

1. In terms of sub section (1) of Section 178 of the Companies Act, 2013, Company's policy on Directors' appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of Directors and other matters provided under sub section (3) of Section 178. **(Annexure - I)**
2. Details about the policy formulated and implemented by the Company on Corporate Social Responsibility and initiatives taken during the year. **(Annexure - II)**
3. Secretarial Audit Report for FY 2015-16. **(Annexure - III)**
4. No. of Meetings of the Board of Directors. **(Annexure - IV)**
5. Statement on declaration given by the Independent Directors under sub section (6) of Section 149. **(Annexure - V)**
6. Particulars of loans, guarantees or investments under Section 186: **No such transaction during the year.**
7. Particulars of contracts or arrangements with related parties referred to in sub section (1) of Section 188: **No such transaction during the year.**
8. Conservation of energy, technology absorption and foreign exchange earnings and outgo. **(Annexure - VI)**
9. A statement indicating development and implementation of a risk management policy for the Company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company. **(Annexure - VII)**
10. The details in respect of adequacy of internal financial controls with reference to the Financial Statements. **(Annexure - VIII)**
11. Extracts of the Annual Return as provided under sub section (3) of Section 92. **(Annexure - IX)**

## ACKNOWLEDGEMENT / APPRECIATION

The Directors thank their customers, vendors, investors and bankers for their continued support during the year. They place on record its appreciation of the contribution made by the employees at all levels. Our consistent growth was made possible by their hard work, solidarity, co-operation and support.

The Directors also thank the Government of India, particularly the Ministry of Corporate Affairs, Department of Pharmaceuticals, the Customs and Excise Departments, the Income Tax Department, the Ministry of Commerce, the Ministry of Finance, the Reserve Bank of India and other Government agencies for their support and look forward to their continued support in the future.

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

Gurgaon  
May 24, 2016

Sd/-  
**Rakesh Bhargava**  
Chairman  
DIN : 00019822

# Annexures Forming Part of The Directors' Report

## *Annexure-I*

### **NOMINATION, REMUNERATION AND EVALUATION POLICY**

This Policy is in compliance with Section 178 of the Companies Act, 2013 read with applicable rules made thereunder.

This Nomination, Remuneration and Evaluation Policy (the "Policy") applies to the Board of Directors (the "Board"), Key Managerial Personnel (the "KMP") and the Senior Management Personnel of Fresenius Kabi Oncology Ltd. (FKOL).

#### **Definition**

- a) **Nomination and Remuneration Committee (NRC):**  
It means a Committee of Directors constituted under the requirements of Companies Act, 2013, read with rules made thereunder.
- b) **"Key Managerial Personnel" (KMP):** KMP means and includes:
- (i) the Chief Executive Officer or the Managing Director or the Manager;
  - (ii) the Company Secretary;
  - (iii) the Whole-time Director;
  - (iv) the Chief Financial Officer; and
  - (v) such other officer as may be prescribed;
- c) **"Senior Management Personnel" (SMP):**  
The expression "Senior Management" means personnel of the Company who are members of its core management team excluding Board of Directors, comprising all members of management one level below the Executive Directors, including the functional heads.

#### **1. Objective**

The Nomination and Remuneration Committee shall provide a policy framework for :

- a) Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board for their appointment and removal;
- b) Carrying out evaluation of every Director's performance;
- c) Identifying the criteria for determining qualifications, positive attributes and independence of a director ;
- d) Finalizing the remuneration for the Directors, Key Managerial Personnel and Sr. Management Personnel;

- e) Assessing the independence of Independent Directors; and
- f) Such other key issues/matters as may be referred by the Board or as may be necessary in view of the provision of the Companies Act 2013 and Rules thereunder.

#### **2. Accountability**

The Board is ultimately responsible for the appointment of Directors and Key Managerial Personnel.

However, the Board, in terms of requirements of Companies Act, 2013 and rules made thereunder, has delegated responsibility for assessing and selecting the candidates for the role of Directors, Key Managerial Personnel and the Senior Management of the Company to the Nomination and Remuneration Committee which makes nominations & recommendations to the Board.

#### **3. Appointment of Directors and KMPs/Senior Officials**

##### **a) Directors**

Enhancing the competencies of the Board and providing strategic inputs to the management of the Company should be the main criteria/focus area while selecting Directors of the Company.

The proposed person should be assessed against a range of criteria which includes but not limited to:

Personality, Skills and Knowledge

- Knowledge and experience relevant to the business of the Company;
- Understanding of and experience in performing his roles and responsibilities;
- Independence of judgment;
- Qualification(s)
- Past performance and credentials

Behavior & Conduct

- Ability to work individually as well as a member of team;
- Ability to represent the Company;
- Interaction and relationship with the other members of the Board, KMPs and key stakeholders.
- Board room conduct
- Communication skills and
- Ethics and Values;



Independence of Directors:

Independence of Directors shall be decided on the basis of criteria provided under the relevant provisions of the Companies Act, 2013, read with rules made thereunder, and any modification/ amendments done from time to time. A declaration of Independence shall also be taken from the Independent Directors before their induction on the Board of Directors.

**b) KMP/Sr. Officials**

KMP and Sr. Officials shall be identified by the Company and informed to the Nomination and Remuneration Committee from time-to-time. Their Individual job descriptions shall also be updated from time-to-time based on the business and legal requirements.

**4. Letters of Appointment**

The Company will issue a formal letter of appointment to each Director, KMP/Senior Officials which will, *inter-alia*, contain the terms of appointment and the role assigned by the Company and get it accepted and signed by the concerned individual.

**5. Remuneration of Directors, Key Managerial Personnel and Senior Management**

While fixing the remuneration, the guiding principle should be that the level and composition of remuneration should be reasonable and sufficient to attract, retain and motivate Directors, Key Management Personnel and other senior officials.

The Directors, Key Management Personnel and other senior official's salary shall be based and determined on the individual person's responsibilities and performance and in accordance with the limits as prescribed statutorily, if any.

Individual remuneration packages for Directors, KMPs and Senior Officials of the Company will be determined taking into account relevant factors, including but not limited to:

- Qualification and experience
- Level of engagement in the affairs of the Company,
- Market conditions,
- Financial and commercial health of the Company,
- Practice being followed in comparable companies,
- Prevailing laws and government/other guidelines.

Remuneration Structure

**a) Base Compensation (fixed salaries):**

It should be competitive and reflective of the individual's role, responsibility and experience in relation to performance of day-to-day activities,

usually reviewed on an annual basis; (includes salary, allowances and other statutory/non-statutory benefits which are normal part of remuneration package in line with market practices).

**b) Variable salary:**

The NRC may in its discretion, structure any portion of remuneration to link rewards to corporate and individual performance, fulfillment of specified improvement targets or the attainment of certain financial or other objectives set in this regard.

**c) Any other component/benefits as may be recommended by the management and approved by the NRC Committee.**

**6. Evaluation/ Assessment of Directors:**

The evaluation/assessment of the Directors is to be conducted on an annual basis. The following criteria may assist in determining how effective the performances of the Directors have been:

**a) Vision and clarity of roles & responsibility:**

The Individual Director should have awareness of fiduciary and statutory requirements and a clearly articulated vision. This includes clarity of role as a member of the Board of the Company.

**b) Board Processes:**

The quality of board processes such as decision-making (i.e. how directors ensure they are well informed to be able to make the decisions in the best interest of the Company and its stakeholders) selection and induction etc;

**c) Engagement with Management:**

How well the board engages with the management to ensure it is well supported and able to meet the needs of its members.

**d) Board dynamics:**

At the heart are the board dynamics. It is the quality of individual relationships and dialogues that directly influences the quality of decision making and relationships with key stakeholders.

**e) Frequency of participation:**

The Individual should make him /her available for attending the Board meetings of the Company and be available for providing his/her guidance and support in case of need.

Evaluation on the aforesaid parameters will be conducted by the Independent Directors for each of the Executive/ Non-Independent Directors and Chairman of the Board in a separate meeting of the Independent Directors.

The Executive Director/Non-Independent Directors along with the Independent Directors will evaluate/assess each of the Independent Directors on the aforesaid parameters. Only the Independent Director being evaluated will not participate in the said evaluation discussion.

**ANNEXURE - II**

**ANNUAL REPORT ON CSR ACTIVITIES (FY 2015-16)**

**1. A brief outline of the Company's CSR Policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs**

**A. A brief outline of the Company's CSR Policy**

We, at Fresenius Kabi Oncology Ltd. own social responsibilities with equal passion and commitment. We leverage our expertise and resources in identifying community needs, take focused initiatives to address those needs and assess their impact. While we touch several lives in multiple ways, our CSR focus utmost remains on two main areas (i) Education; and (ii) Health. Since initiation of formal CSR activities, we have been engaging with the communities that surround our operations and have successfully completed interventions like infrastructure development, construction and maintenance of toilets and classrooms, scholarships for meritorious students, provision for clean drinking water, provision for lab equipments etc. at various schools. We strongly believe that these initiatives will help in improving health and education standards in schools. We have faith that through such sustained efforts we will be successful in touching the lives around us.

**B. Overview of Projects or programs proposed to be undertaken under CSR Policy**

Following general areas have been shortlisted for carrying out CSR activities of the Company:

- i. Promoting preventive health care and sanitation and making available safe drinking water;
- ii. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- iii. Promoting gender equality; empowering women; setting up homes and hostels for women and orphans; setting up old age homes; day care centers and such other facilities for senior citizens and

measures for reducing inequalities faced by socially and economically backward groups;

- iv. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water;
- v. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- vi. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government.

**C. Web link for CSR policy and projects or programs:**

<http://www.fresenius-kabi-oncology.com/userfiles/Policy-on-the-Corporate-Social-Responsibility.pdf>

**2. The composition of the CSR Committee as on March 31, 2016**

| Sr. No. | Name (Designation in the Board)                              | Designation in the Committee |
|---------|--|------------------------------|
| 1.      | Ms. Maria Gobbi (Managing Director)                          | Chairperson                  |
| 2.      | Mr. Rakesh Bhargava (Non - Executive Director)               | Member                       |
| 3.      | Mr. Rajiv Lochan Jain (Non - Executive Independent Director) | Member                       |

**3. Average Net Profit/ Loss of the Company as per last three financial years**

- (₹ 4,821.59 lacs)

**4. Prescribed CSR expenditure i.e. 2% of average Net Profit as mentioned at Item No. 3 above:**

- NIL

**5. Details of CSR spend during the financial year (as on March 31, 2016):**

|    |  |                     |
|----|--|---------------------|
| a. | Total amount to be spent for the financial year            | ₹ 58.29 lacs        |
| b. | Amount unspent, if any                                     | ₹ 4.51 lacs         |
| c. | Manner in which the amount spent during the financial year | Details given below |

### DETAILS OF AMOUNT SPENT ON CSR ACTIVITIES DURING THE FINANCIAL YEAR 2015-16

| 1       | 2  | 3                                      | 4  | 5  | 6   |                    | 7  | 8                                     | 9   | 10   |
|---------|--|--|--|--|---|--------------------|--|---------------------------------------|---|--|
|         |  |  |  |  | Amount spent on the projects or programs Sub-heads: |                    |  |                                       |   |  |
| 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 were undertaken | Amount outlay (budget) project or programs wise Budget | Direct (₹ "000")                                    | Overhead (₹ "000") | Cumulative expenditure upto the reporting period (₹ "000") | Amount unspent/ (Overspent) (₹ "000") | Amount spent: Direct or through implementing agency | (₹ "000")  |
| 1       | Infrastructure Development and Maintenance of Existing Infrastructure at Govt. Girls Primary School, Gurgaon     | Promotion of Education & Health        | (1) Local Area (2) Gurgaon, Haryana  | 571  | 295   | 0                  | 295  | 276                                   | Direct  | 1. Project implemented within financial year,<br>2. Objectives achieved by spending less than budgeted amount.<br>3. ₹ 81 was utilized under item no. 3 below out of remaining ₹ 276.                  |
| 2       | Infrastructure Development at Govt. Girls Primary School, Gurgaon  | Promotion of Education & Health        | (1) Local Area (2) Gurgaon, Haryana  | 617  | 617   | 0                  | 617  | 0                                     | Direct  | Expenses incurred for the projects identified during the year 2014-15.   |
| 3       | Infrastructure Development at Govt. Sr. Secondary School, Gurgaon  | Promotion of Education                 | (1) Local Area (2) Gurgaon, Haryana  | 800  | 881   | 0                  | 881  | -81                                   | Direct  | 1. Project implemented within financial year.<br>2. Expenditure exceeded the budgeted cost by ₹ 81.<br>3. The same was adjusted from the balance available from projects mentioned at item no. 1 (81). |
| 4       | Maintenance of toilet & Drinking water Facility at Govt. Primary School at Vill. Kishanpura                      | Promotion of Education                 | (1) Local area (2) Dist. Solan, HP   | 400  | 269   | 0                  | 269  | 131                                   | Direct  | 1. Project implemented within financial year.<br>2. ₹ 131 was utilized under item no. 5.   |
| 5       | Infrastructure development at Govt. Primary School at Vill. Chanal Majra (Construction of Classroom and toilets) | Promotion of Education                 | (1) Local Area (2) Solan, HP   | 1600   | 1817  | 0                  | 1817   | -217                                  | Direct  | 1. Project implemented within financial year.<br>2. ₹ 131 adjusted from balance available at item no. 4.<br>3. Remaining ₹ 86 adjusted from item no. 13.   |
| 6       | Maintenance of toilets being developed at Kalyani  | Promotion of Education                 | (1) Local Area (2) Dist - Nadia, West Bengal   | 200  | 14  | 0                  | 14   | 186                                   | Direct  | The unspent amount of ₹ 186 was adjusted at item no. 11.   |
| 7       | Travel & Skill Development   | Overhead                               | Multiple locations   | 150  | 35  | 0                  | 35   | 115                                   | Direct  | Objective achieved by spending less than budgeted amount.  |



**DETAILS OF AMOUNT SPENT ON CSR ACTIVITIES DURING THE FINANCIAL YEAR 2015-16**

| 1            | 2  | 3                                      | 4  | 5  | 6   |                    | 7  | 8                           | 9   | 10   |
|--------------|--|--|--|--|---|--------------------|--|-----------------------------|---|--|
| 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 were undertaken | Amount outlay (budget) project or programs wise Budget | Amount spent on the projects or programs Sub-heads: |                    | Cumulative expenditure upto the reporting period | Amount unspent/ (Overspent) | Amount spent: Direct or through implementing agency | Justification for unspent / overspent amount during the financial year   |
|              |  |  |  | (₹ "000")  | Direct (₹ "000")                                    | Overhead (₹ "000") | (₹ "000")  | (₹ "000")                   |   | (₹ "000")  |
| 8            | Infrastructure Development at Vijay Laxmi Netaji Hindi Vidyalaya   | Promotional Education                  | (1) Local Area (2) Dist - Nadia, West Bengal   | 625  | 508   | 0                  | 508  | 117                         | Direct  | 1. Project implemented within financial year.<br>2. Objectives achieved by spending less than budgeted amount.<br>3. ₹ 102 was utilized under item no. 11.   |
| 9            | Infrastructure Development in Respect of Construction of Blind Girls Toilet at Paschim Banga Andha Alok Samity | Promotional Education                  | (1) Local Area (2) Dist - Nadia, West Bengal   | 251  | 241   | 0                  | 241  | 10                          | Direct  | Project implemented within financial year.   |
| 10           | Infrastructure Development in Respect of Construction of Blind Girls Toilet at Paschim Banga Andha Alok Samity | Promotional Education                  | (1) Local Area (2) Dist - Nadia, West Bengal   | 241  | 241   | 0                  | 241  | 0                           | Direct  | Expenses incurred for the projects identified during the year 2014-15.   |
| 11           | Lab Equipment for Saraswati T.E.V. High School   | Promotional Education                  | (1) Local Area (2) Dist - Nadia, West Bengal   | 74   | 362   | 0                  | 362  | -288                        | Direct  | 1. Project implemented within financial year.<br>2. There was an overrun of ₹ 288.<br>3. Cost overrun of ₹ 186 was adjusted from the balance available at item no. 6 and remaining ₹ 102 was adjusted from item no. 8. |
| 12           | Scholarships to students of Ghoshpara Saraswati T.E.V. High School   | Promotional Education                  | (1) Local Area (2) Dist - Nadia, West Bengal   | 100  | 98  | 0                  | 98   | 2                           | Direct  | Project implemented as on March 31, 2016.  |
| 13           | Contingency  |  |  | 200  | 0   | 0                  | 0  | 200                         |   | Unspent amount of ₹ 86 was adjusted at item no. 5 above.   |
| <b>TOTAL</b> |  |  |  | <b>5829</b>  | <b>5378</b>   | <b>0</b>           | <b>5378</b>                                      | <b>451</b>                  |   |  |

**6. Responsibility Statement**

The Responsibility Statement of the Corporate Social Responsibility (CSR) Committee of the Board of Directors of the Company is reproduced below: 'The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the Company'

## SECRETARIAL AUDIT REPORT

### FORM NO. MR -3 FOR THE FINANCIAL YEAR FROM 1<sup>ST</sup> APRIL, 2015 TO 31<sup>ST</sup> MARCH, 2016

#### [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]

To,  
The Members,  
Fresenius Kabi Oncology Limited

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Fresenius Kabi Oncology Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on the verification of Fresenius Kabi Oncology Limited's books, documents, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial year starting from 1<sup>st</sup> April, 2015 to 31<sup>st</sup> March, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, documents, minute books, forms and returns filed and other records maintained by Fresenius Kabi Oncology Limited ("the Company") for the financial year starting from 1<sup>st</sup> April, 2015 to 31<sup>st</sup> March, 2016, inter-alia, mainly according to the provisions of:

- |   |   |
|---|---|
| (i) The Companies Act, 2013 (the Act) and the rules made thereunder;  | (v) Central Excise Act, 1944 read with rules and regulations;   |
| (ii) 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; | (vi) Chapter V of the Finance Act, 1994 read with Rules;  |
| (iii) The Central Sales Tax Act 1956;   | (vii) The Employees Provident Funds and Miscellaneous Provisions Act, 1952 along with the Central Scheme, 1952;   |
| (iv) Central Sales Tax (Registration & Turnover) Rules, 1957;   | (viii) The Income Tax Act, 1961 read with rules;  |
|   | (ix) Wealth Tax Act, 1957 read with rules;  |
|   | (x) Equal Remuneration Act, 1976;   |
|   | (xi) Factories Act, 1948;   |
|   | (xii) Employers Liability Act, 1938;  |
|   | (xiii) Indian Stamp Act, 1999;  |
|   | (xiv) Industrial Dispute Act, 1947;   |
|   | (xv) Environment Protection Act, 1986 and other environmental laws;   |
|   | (xvi) Maternity Benefits Act, 1961;   |
|   | (xvii) Minimum Wages Act, 1948;   |
|   | (xviii) Payment of Bonus Act, 1965;   |
|   | (xix) Payment of Wages Act, 1936 and all other applicable Labour laws;  |
|   | (xx) Hazardous Wastes (Management and Handling) Rules 1989 and Amendment Rules, 2003;                             |
|   | (xxi) The Drugs and Cosmetics Act, 1940 r/w The Drugs and Cosmetics Rules, 1945 with applicable orders including: |
|   | a) The Narcotic Drugs and Psychotropic Substances (Regulation of Controlled Substances) Order, 1993;              |
|   | b) Drugs and Magic Remedies (Objectionable Advertisements) Act, 1954 read with Rule 1955;                         |
|   | c) Drugs Pricing Control Order, 1995;   |

|   |   |
|---|---|
| <p>(xxii) Prevention of Food Adulteration Act, 1954 read with rules made thereunder;</p> <p>(xxiii) The Standards of Weights and Measures Act, 1976 read with The Standards of Weights and Measures (Packaged Commodities) Rules, 1977;</p> <p>(xxiv) The Electricity Act, 2003 read with Rules and Regulations;</p> <p>(xxv) Motor Vehicles Act, 1988 read with rules made thereunder;</p> <p>(xxvi) Legal Metrology Act, 2009, read with applicable rules thereunder;</p> <p>(xxvii) Indian Forest Act, 1927;</p> <p>(xxviii) The Information Technology Act, 2000 read with applicable rules made thereunder;</p> <p>(xxix) Medicinal And Toilet Preparations Excise Duties Act, 1955 r/w Medicinal And Toilet Preparations Excise Duties Rules, 1956;</p> <p>(xxx) Customs Act, 1962, Customs Tariff Act, 1975 read with Customs Rules and Regulations;</p> <p>(xxxi) Research &amp; Development Cess Act, 1986;</p> <p>(xxxii) Industries Development and Regulation Act, 1951;</p> <p>(xxxiii) The Depositories Act, 1996 read with the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996.</p> | <p>the period under review were carried out in compliance with the provisions of the Act.</p> <p>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.</p> <p>Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.</p> <p><b>I further report that</b> 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.</p> <p><b>I further report that</b> during the audit period:</p> <p>There were no instances of:</p> <ol style="list-style-type: none"> <li>a. Public/ Right/ Preferential Issue of shares/debentures/ sweat equity, etc.</li> <li>b. Redemption/buyback of securities.</li> <li>c. Major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013.</li> <li>d. Merger/amalgamation/reconstruction etc.</li> <li>e. Foreign technical collaborations.</li> </ol> |
|---|---|

I have also examined compliance with the applicable clauses of Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI).

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

**I further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during

Place: New Delhi  
Date: May 9, 2016

**Kiran Sharma & Co.**  
**Company Secretaries**

Sd/-  
**Kiran Sharma**  
**Proprietor**  
**FCS No.: 4942**  
**C P No.: 3116**

#### ANNEXURE - IV

##### MEETINGS OF THE BOARD OF DIRECTORS:

The Board of Directors of the Company met four times during FY 2015-16, the details are as below:

- a) Quarter 1 (FY 2015-16) : May 7, 2015,
- b) Quarter 2 (FY 2015-16) : August 20, 2015
- c) Quarter 3 (FY 2015-16) : November 19, 2015
- d) Quarter 4 (FY 2015-16) : February 25, 2016

#### ANNEXURE - V

##### STATEMENT ON DECLARATION GIVEN BY THE INDEPENDENT DIRECTORS UNDER SUB SECTION (6) OF SECTION 149

Both the Independent Directors i.e. Mr. D. G. Shah and Mr. Rajiv Lochan Jain provided their respective declaration of independence at the beginning of FY 2015-16 to the Company. Same was taken on record by the Board during its first meeting of FY 2015-16, held on May 7, 2015.

#### ANNEXURE - VI

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

###### (A) CONSERVATION OF ENERGY

###### a. The steps taken and impact of conservation of energy:

- Controlled use of the air conditioning and elevator usage in office area at Corporate Office, Gurgaon.
- Timely switching of AHUs and lightings of all labs & seating areas at Corporate Office, Gurgaon.
- Utilization of treated effluent water for gardening at Corporate Office, Gurgaon.
- Utilization of treated effluent water in Urinal at Corporate Office, Gurgaon.
- Reduction in Sanitisation Frequency of Purified Water System at Kalyani Plant.
- Reduction in Highly Purified Water Temperature at Kalyani Plant.
- Chiller Efficiency Improvement at Kalyani Plant.
- Street light replacement along with photo sensor and vessel lamp replacement with timer at Kalyani Plant.
- Floor light replacement with LED lights at Kalyani Plant.
- AHU condensate and Steam condensate recovery at Kalyani Plant.
- Chilled Water Header Modification with old pipe for efficiency improvement at Kalyani Plant.
- Replacement of Instrument Air compressor and nitrogen Compressor at Kalyani Plant.
- VFD Installation for Cooling Tower Fan in Kalyani Plant.
- APFC (Auto Power Factor Correction) Panel Modification for Auto Mode at Kalyani Plant.
- Replacement of CFL with LED Light to reduce the Energy Consumption at Baddi Plant.

- Interlocking of Overhead (Raw water) Storage Tank with borewell to Save the Wastage of Water at Baddi Plant.
- Installation & functional of Online Energy Monitoring System for Better Monitoring of Energy Consumption at Baddi Plant.
- Replacement of conventional tube lights to LED Energy saving lights in process at Nalagarh Plant.
- Improvement in Fire Alarm system at Nalagarh Plant.

###### b. The steps taken by the Company for utilizing alternate sources of energy:

We are working on the usage of solar power for the street lights at Kalyani Plant as well as for our administration building in Kalyani Plant.

###### c. The capital investment on energy conservation equipments:

Approx. ₹ 80 lacs incurred at Kalyani.

###### (B) TECHNOLOGY ABSORPTION

###### 1. Efforts made towards technology absorption, adaptation and innovation:

- Type-V DMF submitted for manufacturing site, facilities.
- Extension of alliance business to cover additional products/ markets.
- Submissions of Regulatory dossiers including ANDA in US, Centralized Procedure and Repeat Use MRP in Europe.
- Bridging reports of Patient information leaflet for new MR/DC procedure based on the other approved generics public assessment report.
- Product Internationalisation.

###### 2. Benefits derived as a result of the above efforts:

- Submission of Type-V DMF will eliminate the need for repetitive submission of facility information to FDA and may results in shortening the review timelines at the FDA.
- Extension of alliance business to include the additional products and additional regions will provide significant revenue boost in coming years.
- International Regulatory Filings and Approvals - Finished Dosage Forms:

| Markets            | New Filings | New Approvals |
|--------------------|-------------|---------------|
| US                 | 1           | -             |
| EU                 | 2           | 12            |
| Emerging countries | 5           | 12            |

- Bridging study using other generics public assessment report will reduce the cost and time.
- Internationalisation of the product in different countries will expand the overseas business and improve global competitiveness.

### 3. Imported Technology

In case of imported technology (imported during the last 3 years, reckoned from the beginning of the financial year), following information may be furnished:

- a) Technology Imported : Nil
- b) Year of import: Not applicable
- c) Has technology been fully absorbed: Not applicable
- d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action: Not applicable

### 4. Expenditure on Research & Development (R&D):

The details of expenditure incurred by the Company on R&D are as under:

| Sr. No. | Particulars                                 | Amount (₹ in lacs) |
|---------|---|--------------------|
| a.      | Capital                                     | 1,244.02           |
| b.      | Recurring                                   | 12,670.22          |
| c.      | Total                                       | 13,914.24          |
| d.      | Total R&D as a percentage of total turnover | 25.06%             |

### (C) FOREIGN EXCHANGE EARNINGS AND OUTGO

Total foreign exchange used and earned:

|                             | (₹ in lacs) |
|-----------------------------|-------------|
| • Foreign Exchange Earnings | : 45,633.08 |
| • Foreign Exchange Outgo    | : 25,902.96 |

### ANNEXURE - VII

#### A STATEMENT INDICATING DEVELOPMENT AND IMPLEMENTATION OF A RISK MANAGEMENT POLICY FOR THE COMPANY INCLUDING IDENTIFICATION THEREIN OF ELEMENTS OF RISK, IF ANY, WHICH IN THE OPINION OF THE BOARD, MAY THREATEN THE EXISTENCE OF THE COMPANY

In past, the Company had carried out a comprehensive risk assessment exercise of the Organization and its business. Based on that assessment, a risk policy has been implemented under which risks are identified on the basis of pre-identified criteria and the same is evaluated by the Management on periodic basis. These risks are also evaluated by the Board of Directors and the Audit Committee, as the case may be, in its quarterly meetings.

Based on Management's feedback, appropriate actions are taken for mitigating these risks. As of now, the Company is not able to foresee any potential risks which may threaten the existence of the Company.

However, considering the current regulatory, legal and business environment, the Company is contemplating to carry out a comprehensive Risk Assessment exercise shortly

for identifying potential risk areas, its assessment and related mitigation/ remedial actions.

### ANNEXURE - VIII

#### THE DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

The Company has following systems and processes in place so as to implement effective and robust internal financial controls:

- **Policies/Guidelines:** Key policies are defined, understood and enforced in the organization.
- **Operating Procedures:** Clearly defined, detailed and harmonized procedures have been devised and implemented across the organization.
- **Technology:** The Company has adopted and implemented latest technology for managing its affairs by way of using various softwares eg. SAP, SharePoint etc. at various processes in its plants, I&D and Corporate Office. Effective use of technology will help in minimization of risks and timely detection of frauds/ malpractices in the organization.
- **Behaviour:** The culture of compliance with laid down guidelines and procedures is evident through the actions and behaviour of individuals and teams.
- **Clearly defined roles and responsibilities:** Roles and responsibilities are clearly defined for each and every employee of the Company. It helps the employees in understanding and adhering to the applicable systems and processes.

In view of the above, adequate internal financial control tools and procedures are in place in the Company for ensuring orderly and efficient conduct of its business. During the year relevant controls were also tested and no reportable material weaknesses in the design or operations were observed.

However, considering fast changing business environment, the Company has been upgrading and implementing more robust processes, up to date practices and controls in the organization. For this purpose a comprehensive Internal Financial Control exercise has been initiated during the year in consultation with M/s. Ernst & Young.

As part of Statutory Auditors' Report for financial year 2015-16, the auditors have also, *inter-alia*, confirmed that the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial reportings were operating effectively as at March 31, 2016.



**FORM NO. MGT-9**
**EXTRACT OF ANNUAL RETURN**
**As on the Financial Year ended on March 31, 2016**

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

**I. REGISTRATION AND OTHER DETAILS:**

- i) CIN : U24231DL2003PLC119441
- ii) Registration Date : 18.03.2003
- iii) Name of the Company : Fresenius Kabi Oncology Limited
- iv) Category / Sub-Category of the Company : Company having share capital
- v) Address of the Registered office and contact details : B-310, Som Datt Chambers-I, Bhikaji Cama Place,  
New Delhi-110 066  
Phone No.: 011 - 26105570  
Fax No.: 011 - 26195965  
E-mail: complianceofficer.india@fresenius-kabi.com  
Website: www.fresenius-kabi-oncology.com
- vi) Whether listed Company : No
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : Link Intime India Private Limited  
44, Community Center, 2<sup>nd</sup> Floor,  
Naraina Industrial Area, Phase I,  
Near PVR Naraina, New Delhi - 110028  
Phone No.:- 011 - 4141 0592/93/94  
Fax No.:- 011 - 4141 0591

**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:

| SI. No. | Name and Description of main Products/Services | NIC Code of the Product/ Service | % to total turnover of the Company |
|---------|--|----------------------------------|------------------------------------|
| 1       | Paclitaxel - inj                               | 21002                            | 17.98%                             |
| 2       | Carboplatin - inj                              | 21002                            | 14.27%                             |
| 3       | Oxaliplatin - inj                              | 21002                            | 11.64%                             |
| 4       | R&D Services                                   | 72100                            | 23.48%                             |

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

| SI. No. | Name and Address of the Company      | CIN / GLN       | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---------|--------------------------------------|-----------------|--------------------------------|------------------|--------------------|
| 1       | Fresenius Kabi (Singapore) Pte. Ltd. | Foreign Company | Holding                        | 97.0543          | 2(46)              |

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

**i) Category-wise Share Holding**

| Category Code | Category of Shareholder  | No. of Shares held at the beginning of the year |             |                  |                   | No. of Shares held at the end of the year |             |                  |                   | % Change during the year |
|---------------|--|---|-------------|------------------|-------------------|---|-------------|------------------|-------------------|--------------------------|
|               |  | Demat   | Physical    | Total            | % of Total Shares | Demat                                     | Physical    | Total            | % of Total Shares |                          |
| <b>(A)</b>    | <b>Promoter's</b>  |   |             |                  |                   |   |             |                  |                   |                          |
| <b>[1]</b>    | <b>Indian</b>  |   |             |                  |                   |   |             |                  |                   |                          |
| (a)           | Individual/HUF   | 0   | 0           | 0                | 0.0000            | 0   | 0           | 0                | 0.0000            | 0.0000                   |
| (b)           | Central Government   | 0   | 0           | 0                | 0.0000            | 0   | 0           | 0                | 0.0000            | 0.0000                   |
| (c)           | State Government(s)  | 0   | 0           | 0                | 0.0000            | 0   | 0           | 0                | 0.0000            | 0.0000                   |
| (d)           | Bodies Corporate   | 0   | 0           | 0                | 0.0000            | 0   | 0           | 0                | 0.0000            | 0.0000                   |
| (e)           | Banks / FI   | 0   | 0           | 0                | 0.0000            | 0   | 0           | 0                | 0.0000            | 0.0000                   |
| (f)           | Any Other  | 0   | 0           | 0                | 0.0000            | 0   | 0           | 0                | 0.0000            | 0.0000                   |
|               | <b>Sub-Total (A)[1]</b>  | <b>0</b>  | <b>0</b>    | <b>0</b>         | <b>0.0000</b>     | <b>0</b>                                  | <b>0</b>    | <b>0</b>         | <b>0.0000</b>     | <b>0.0000</b>            |
| <b>[2]</b>    | <b>Foreign</b>   |   |             |                  |                   |   |             |                  |                   |                          |
| (a)           | NRI Individuals  | 0   | 0           | 0                | 0.0000            | 0   | 0           | 0                | 0.0000            | 0.0000                   |
| (b)           | Other Individuals  | 0   | 0           | 0                | 0.0000            | 0   | 0           | 0                | 0.0000            | 0.0000                   |
| (c)           | Bodies Corporate   | 165232882                                       | 0           | 165232882        | 97.0543           | 165232882                                 | 0           | 165232882        | 97.0543           | 0.0000                   |
| (d)           | Banks / FI   | 0   | 0           | 0                | 0.0000            | 0   | 0           | 0                | 0.0000            | 0.0000                   |
| (e)           | Any Other  | 0   | 0           | 0                | 0.0000            | 0   | 0           | 0                | 0.0000            | 0.0000                   |
|               | <b>Sub-Total (A)[2]</b>  | <b>165232882</b>                                | <b>0</b>    | <b>165232882</b> | <b>97.0543</b>    | <b>165232882</b>                          | <b>0</b>    | <b>165232882</b> | <b>97.0543</b>    | <b>0.0000</b>            |
|               | <b>Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)</b> | <b>165232882</b>                                | <b>0</b>    | <b>165232882</b> | <b>97.0543</b>    | <b>165232882</b>                          | <b>0</b>    | <b>165232882</b> | <b>97.0543</b>    | <b>0.0000</b>            |
| <b>(B)</b>    | <b>Public Shareholding</b>   |   |             |                  |                   |   |             |                  |                   |                          |
| <b>[1]</b>    | <b>Institutions</b>  |   |             |                  |                   |   |             |                  |                   |                          |
| (a)           | Mutual Funds/UTI   | 500   | 1000        | 1500             | 0.0009            | 500                                       | 1000        | 1500             | 0.0009            | 0.0000                   |
| (b)           | Banks / FI   | 850   | 0           | 850              | 0.0005            | 850                                       | 0           | 850              | 0.0005            | 0.0000                   |
| (c)           | Central Government   | 0   | 0           | 0                | 0.0000            | 0   | 0           | 0                | 0.0000            | 0.0000                   |
| (d)           | State Government(s)  | 0   | 0           | 0                | 0.0000            | 0   | 0           | 0                | 0.0000            | 0.0000                   |
| (e)           | Venture Capital Funds  | 0   | 0           | 0                | 0.0000            | 0   | 0           | 0                | 0.0000            | 0.0000                   |
| (f)           | Insurance Companies  | 0   | 0           | 0                | 0.0000            | 0   | 0           | 0                | 0.0000            | 0.0000                   |
| (g)           | FIs  | 3050  | 500         | 3550             | 0.0021            | 3050                                      | 500         | 3550             | 0.0021            | 0.0000                   |
| (h)           | Foreign Venture Capital Funds  | 0   | 0           | 0                | 0.0000            | 0   | 0           | 0                | 0.0000            | 0.0000                   |
| (i)           | Any Other (specify)  | 0   | 0           | 0                | 0.0000            | 0   | 0           | 0                | 0.0000            | 0.0000                   |
|               | <b>Sub-total (B) (1)</b>   | <b>4400</b>                                     | <b>1500</b> | <b>5900</b>      | <b>0.0035</b>     | <b>4400</b>                               | <b>1500</b> | <b>5900</b>      | <b>0.0035</b>     | <b>0.0000</b>            |

| Category Code | Category of Shareholder  | No. of Shares held at the beginning of the year |                |                  |                   | No. of Shares held at the end of the year |                |                  |                   | % Change during the year |
|---------------|--|---|----------------|------------------|-------------------|---|----------------|------------------|-------------------|--------------------------|
|               |  | Demat   | Physical       | Total            | % of Total Shares | Demat                                     | Physical       | Total            | % of Total Shares |                          |
| <b>[2]</b>    | <b>Non-Institutions</b>  |   |                |                  |                   |   |                |                  |                   |                          |
| (a)           | a) Bodies Corporate  |   |                |                  |                   |   |                |                  |                   |                          |
|               | i) Indian  | 99739   | 36488          | 136227           | 0.0800            | 91834                                     | 36263          | 128097           | 0.0752            | -0.0048                  |
|               | ii) Overseas   | 0   | 0              | 0                | 0.0000            | 0   | 0              | 0                | 0.0000            | 0.0000                   |
| (b)           | b) Individuals-  |   |                |                  |                   |   |                |                  |                   |                          |
|               | i. Individual shareholders holding nominal share capital upto Rs.1 lakh          | 3250422   | 908311         | 4158733          | 2.4427            | 3272967                                   | 897080         | 4170047          | 2.4494            | +0.0067                  |
|               | ii. Individual shareholders holding nominal share capital in excess of Rs.1 lakh | 0   | 0              | 0                | 0.0000            | 0   | 0              | 0                | 0.0000            | 0.0000                   |
| (c)           | Any Other (specify)  |   |                |                  |                   |   |                |                  |                   |                          |
|               | i) Trust & Foundation  | 225   | 100            | 325              | 0.0002            | 725                                       | 100            | 825              | 0.0005            | +0.0003                  |
|               | ii) NRI  | 253422  | 218507         | 471929           | 0.2772            | 252238                                    | 218007         | 470245           | 0.2762            | -0.0010                  |
|               | iii) Fresenius Kabi Oncology Limited - Unclaimed Suspense Account                | 241861  | 0              | 241861           | 0.1421            | 239861                                    | 0              | 239861           | 0.1409            | -0.0012                  |
|               | <b>Sub-total (B)(2)</b>  | <b>3845669</b>                                  | <b>1163406</b> | <b>5009075</b>   | <b>2.9422</b>     | <b>3857625</b>                            | <b>1151450</b> | <b>5009075</b>   | <b>2.9422</b>     | <b>0.0000</b>            |
|               | <b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>                           | <b>3850069</b>                                  | <b>1164906</b> | <b>5014975</b>   | <b>2.9456</b>     | <b>3862025</b>                            | <b>1152950</b> | <b>5014975</b>   | <b>2.9458</b>     | <b>0.0000</b>            |
|               | <b>TOTAL (A) + (B)</b>   | <b>169082951</b>                                | <b>1164906</b> | <b>170247857</b> | <b>100.0000</b>   | <b>169094907</b>                          | <b>1152950</b> | <b>170247857</b> | <b>100.0000</b>   | <b>0.0000</b>            |
| (C)           | Shares held by Custodians for GDRs & ADRs  | 0   | 0              | 0                | 0.0000            | 0   | 0              | 0                | 0.0000            | 0.0000                   |
|               | <b>GRAND TOTAL (A)+(B)+(C)</b>   | <b>169082951</b>                                | <b>1164906</b> | <b>170247857</b> | <b>100.0000</b>   | <b>169094907</b>                          | <b>1152950</b> | <b>170247857</b> | <b>100.0000</b>   | <b>0.0000</b>            |

**ii) Shareholding of Promoters**

| Sl. No. | Shareholder's Name                   | Shareholding at the beginning of the year |                                  |   | Shareholding at the end of the year |                                  |   | % change in shareholding during the year |
|---------|--------------------------------------|---|----------------------------------|---|-------------------------------------|----------------------------------|---|--|
|         |                                      | No. of Shares                             | % of total Shares of the company | % of Shares Pledged/ encumbered to total shares | No. of Shares                       | % of total Shares of the Company | % of Shares Pledged/ encumbered to total shares |  |
| 1       | Fresenius Kabi (Singapore) Pte. Ltd. | 165232882                                 | 97.0543                          | 0   | 165232882                           | 97.0543                          | 0   | 0.0000                                   |
|         | <b>Total</b>                         | <b>165232882</b>                          | <b>97.0543</b>                   | <b>0</b>  | <b>165232882</b>                    | <b>97.0543</b>                   | <b>0</b>  | <b>0.0000</b>                            |

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

| Sl. No. | Particulars                  | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|---------|------------------------------|---|----------------------------------|---|----------------------------------|
|         |                              | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
| 1       | At the beginning of the year | No change in promoters shareholding       |                                  |   |                                  |
| 2       | At the End of the year       | No change in promoters shareholding       |                                  |   |                                  |

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 |                          | Shareholding at the end of the year |                          |
|---------|--|---|--------------------------|-------------------------------------|--------------------------|
|         |  | No. of Shares Company                     | % of total shares of the | No. of Shares Company               | % of total shares of the |
| 1       | Haresh Tharani                         | 50000                                     | 0.0294                   | 50000                               | 0.0294                   |
| 2       | Shailendra Tyagi                       | 16500                                     | 0.0097                   | 16500                               | 0.0097                   |
| 3       | Susheela Basant                        | 14000                                     | 0.0082                   | 14000                               | 0.0082                   |
| 4       | Anand G. Pai                           | 12500                                     | 0.0073                   | 12500                               | 0.0073                   |
| 5       | Rukmani International Pvt. Ltd.        | 11987                                     | 0.0070                   | 11987                               | 0.0070                   |
| 6       | Sharekhan Financial Services Pvt. Ltd. | 10100                                     | 0.0059                   | 10000                               | 0.0059                   |
| 7       | Lacy Abdul Latheef                     | 10000                                     | 0.0059                   | 10000                               | 0.0059                   |
| 8       | Laly Abdul Latheef                     | 10000                                     | 0.0059                   | 10000                               | 0.0059                   |
| 9       | Paras Mohanlal Mehta                   | 10000                                     | 0.0059                   | 10000                               | 0.0059                   |
| 10      | Naresh Kapoor                          | 8500                                      | 0.0050                   | 8500                                | 0.0050                   |

v) Shareholding of Directors and Key Managerial Personnel:

| Sl. No. | For Each of the Directors and KMP   | Shareholding at the beginning of the year                                    |                                  | Cumulative Shareholding during the year |                                  |
|---------|---|--|----------------------------------|---|----------------------------------|
|         |   | No. of Shares  | % of total shares of the Company | No. of Shares                           | % of total shares of the Company |
| 1       | At the beginning of the year  | None of the Director and Key Managerial Personnel hold shares in the Company |                                  |   |                                  |
| 2       | Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | None of the Director and Key Managerial Personnel hold shares in the Company |                                  |   |                                  |
| 3       | At the End of the year  | None of the Director and Key Managerial Personnel hold shares in the Company |                                  |   |                                  |

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment Amount (₹ in Lacs)

| Particulars  | Secured Loans excluding Deposits | Unsecured Loans  | Deposits   | Total Indebtedness |
|--|----------------------------------|------------------|------------|--------------------|
| <b>Indebtedness at the beginning of the financial year</b> |                                  |                  |            |                    |
| i) Principal Amount  | 3,660.87                         | 31,287.58        | Nil        | 34,948.45          |
| ii) Interest due but not paid                              | Nil                              | Nil              | Nil        | Nil                |
| iii) Interest accrued but not due                          | 84.89                            | 27.63            | Nil        | 112.52             |
| <b>Total (i+ii+iii)</b>                                    | <b>3,745.76</b>                  | <b>31,315.21</b> | <b>Nil</b> | <b>35,060.97</b>   |
| <b>Change in Indebtedness during the financial year</b>    |                                  |                  |            |                    |
| • Addition   | 151.23                           | 7,088.40         | Nil        | 7,239.63           |
| • Reduction  | Nil                              | Nil              | Nil        | Nil                |
| • <b>Net Change</b>  | <b>151.23</b>                    | <b>7,088.40</b>  | <b>Nil</b> | <b>7,239.63</b>    |
| <b>Indebtedness at the end of the financial year</b>       |                                  |                  |            |                    |
| i) Principal Amount  | 3,887.90                         | 38,236.80        | Nil        | 42,124.70          |
| ii) Interest due but not paid                              | Nil                              | Nil              | Nil        | Nil                |
| iii) Interest accrued but not due                          | 9.09                             | 166.81           | Nil        | 175.90             |
| <b>Total (i+ii+iii)</b>                                    | <b>3,896.99</b>                  | <b>38,403.61</b> | <b>Nil</b> | <b>42,300.60</b>   |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Amount (₹ in Lacs)

| Sl. No. | Particulars of Remuneration   | Name of MD / WTD / Manager  |  |  |   | Total Amount  |
|---------|---|---|--|--|---|---------------|
|         |   | Mr. Peter F. Nilsson, CMD (April 1, 2015 to June 30, 2015)                | Ms. Maria Gobbi, MD (July 1, 2015 to March 31, 2016) | Mr. Nikhil Kulshreshtha, Director & Secretary (July 1, 2015 to March 31, 2016) | Mr. Karsten Peter Lerch, Director & CFO (February 25, 2016 to March 31, 2016) |               |
| 1.      | Gross salary  |   |  |  |   |               |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 43.84   | 19.86  | 80.86  | 9.46  | 154.02        |
|         | (b) Value of perquisites u/s17(2) of the Income-tax Act, 1961                       | 0.39  | 2.26   | 0.30   | 1.72  | 4.67          |
|         | (c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961       | Nil   | Nil  | Nil  | Nil   | Nil           |
| 2.      | Stock Option  | Nil   | Nil  | Nil  | Nil   | Nil           |
| 3.      | Sweat Equity  | Nil   | Nil  | Nil  | Nil   | Nil           |
| 4.      | Commission  |   |  |  |   |               |
|         | - as % of profit  | Nil   | Nil  | Nil  | Nil   | Nil           |
|         | - others, specify...  | Nil   | Nil  | Nil  | Nil   | Nil           |
| 5.      | Others, please specify-Ex-gratia  | 202.79  | Nil  | 51.95  | Nil   | 254.74        |
|         | <b>Total (A)</b>  | <b>247.02</b>   | <b>22.12</b>   | <b>133.11</b>  | <b>11.18</b>  | <b>413.43</b> |
|         | Ceiling as per the Act  | Not applicable for FY 2015-16. Please refer to the notes mentioned below. |  |  |   |               |

### Notes:

- During the financial year 2015-16 Company did not earn any profit.
- Considering the losses, the payment of remuneration to Managing Director and Whole-time Director(s) of the Company was made in terms of provisions contained under Schedule V of the Companies Act, 2013.



**B. Remuneration to other Directors:**

Amount (₹ in Lacs)

| Sl. No. | Particulars of Remuneration   | Name of Directors   |                       | Total Amount        |
|---------|---|---|-----------------------|---------------------|
|         |   | Mr. Dilip G. Shah   | Mr. Rajiv Lochan Jain |                     |
| 1.      | Independent Directors<br>• Fee for attending Board Committee Meetings<br>• Commission<br>• Others, please specify         | 17.00<br>Nil<br>Nil   | 15.00<br>Nil<br>Nil   | 32.00<br>Nil<br>Nil |
|         | <b>Total (1)</b>  | <b>17.00</b>  | <b>15.00</b>          | <b>32.00</b>        |
| 2.      | Other Non-Executive Directors<br>• Fee for attending Board Committee Meetings<br>• Commission<br>• Others, please specify | Nil<br>Nil<br>Nil   | Nil<br>Nil<br>Nil     | Nil<br>Nil<br>Nil   |
|         | <b>Total (2)</b>  | <b>Nil</b>  | <b>Nil</b>            | <b>Nil</b>          |
|         | <b>Total (B)=(1+2)</b>  | <b>17.00</b>  | <b>15.00</b>          | <b>32.00</b>        |
|         | <b>Total Managerial Remuneration (A+B)</b>  |   |                       | <b>445.43</b>       |
|         | Overall Ceiling as per the Act  | Not applicable for FY 2015-16. Please refer to the notes mentioned below. |                       |                     |

**Notes:**

- During the financial year 2015-16 company did not earn any profit.
- Sitting fees was paid in terms of limits fixed under the provisions of Companies Act, 2013. No other payment (except to Managing Director and Whole Time Directors) was made to any of the Directors.

**C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD:**

Amount (₹ in Lacs)

| Sl. No. | Particulars of Remuneration  | Key Managerial Personnel                                    |   |   | Total                |
|---------|--|---|---|---|----------------------|
|         |  | Company Secretary   | Chief Financial Officer                                       |   |                      |
|         |  | Mr. Nikhil Kulshreshtha<br>(April 1, 2015 to June 30, 2015) | Ms. Shefali Khaladkar<br>(April 1, 2015 to December 31, 2015) | Mr. Karsten Peter Lerch<br>(January 1, 2016 to February 24, 2016) |                      |
| 1.      | Gross salary<br>(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961<br>(b) Value of perquisites u/s17(2) of the Income-tax Act, 1961<br>(c) Profits in lieu of salary under section 17 (3) of the Income-tax Act, 1961 | 21.08<br>0.10<br>Nil  | 30.55<br>0.30<br>Nil  | 15.56<br>2.96<br>Nil  | 67.19<br>3.36<br>Nil |
| 2.      | Stock Option   | Nil   | Nil   | Nil   | Nil                  |
| 3.      | Sweat Equity   | Nil   | Nil   | Nil   | Nil                  |
| 4.      | Commission   |   |   |   |                      |
|         | - as % of profit   | Nil   | Nil   | Nil   | Nil                  |
|         | - others, specify  | Nil   | Nil   | Nil   | Nil                  |
| 5.      | Others, please specify   | Nil   | Nil   | Nil   | Nil                  |
|         | <b>Total</b>   | <b>21.18</b>  | <b>30.85</b>  | <b>18.52</b>  | <b>70.55</b>         |

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

| Type                                | Section of the Companies Act | Brief Description | Details of Penalty / Punishment / Compounding fees paid | Authority (RD / NCLT / Court) | Appeal made, if any (give details) |
|-------------------------------------|------------------------------|-------------------|---|-------------------------------|------------------------------------|
| <b>A. COMPANY</b>                   |                              |                   |   |                               |                                    |
| Penalty                             |                              |                   | None  |                               |                                    |
| Punishment                          |                              |                   |   |                               |                                    |
| Compounding                         |                              |                   |   |                               |                                    |
| <b>B. DIRECTORS</b>                 |                              |                   |   |                               |                                    |
| Penalty                             |                              |                   | None  |                               |                                    |
| Punishment                          |                              |                   |   |                               |                                    |
| Compounding                         |                              |                   |   |                               |                                    |
| <b>C. OTHER OFFICERS IN DEFAULT</b> |                              |                   |   |                               |                                    |
| Penalty                             |                              |                   | None  |                               |                                    |
| Punishment                          |                              |                   |   |                               |                                    |
| Compounding                         |                              |                   |   |                               |                                    |

# Independent Auditor's Report

## To the Members of Fresenius Kabi Oncology Limited Report on the Financial Statements

We have audited the accompanying financial statements of Fresenius Kabi Oncology Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2016, and the Statement of Profit and Loss and Cash Flow Statement for the year ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit

also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March'2016, and its loss and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure-2 a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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 appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of the written representations received from the directors as on 31<sup>st</sup> March'2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March'2016 from being appointed as a director in terms of Section 164(2) of the Act.
  - f. Our separate report on adequacy of internal financial control system and operating effectiveness of such controls is enclosed in Annexure-1.
3. 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, in our opinion and to the best our information and according to the explanations given to us:
- a. The Company has disclosed the impact of pending litigations on its financial position in its financial

statements as referred to in Note no 3(23) to the financial statements.

- b. The Company did not have any long-term contract including derivative contract which may lead to any foreseeable loss.
- c. The Company does not have any dues that are required to be transferred to the Investor Education and Protection Fund .

For **G.Basu & Co.**  
Chartered Accountants  
Firm Registration Number : 301174E  
**S. LAHIRI**  
Partner  
Membership No. 51717

Gurgaon  
24<sup>th</sup> May 2016

#### Annexure-I

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

We have audited the internal financial controls over financial reporting of Fresenius Kabi Oncology Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on, "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance

Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over

financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control

Based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

#### **Meaning of Internal Financial Controls Over Financial Reporting**

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

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

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

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, 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 **G. BASU & Co.**  
Chartered Accountants  
(Firm's Registration No. 301174E)

Gurgaon  
24<sup>th</sup> May 2016

**S. LAHIRI**  
Partner  
(Membership No. 51717)

**ANNEXURE -2**

**TO THE AUDITORS' REPORT AS REFERRED TO IN PARA 1 OF THE SAID REPORT OF EVEN DATE.**

- 1 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 at reasonable intervals. No material discrepancies between book records and the physical inventories have been noticed on such verification.
- c. The title deeds of immovable properties are held in the name of the Company.
2. The inventories have been physically verified at reasonable intervals during the year by the management. The discrepancies noticed on physical verification between the physical stock and book records were not material and have been properly dealt with in the books of account.
3. The company has not granted any loans, secured or unsecured to companies, firms, or other parties covered in the register maintained under section 189 of the Companies Act,2013.
4. The Company has complied with the provisions of section 185 and 186 of the Companies Act,2013 in respect of Loans, Investments, Guarantees and Securities.
5. The company has not accepted any deposits under the provisions of section 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under and as such the question of compliance under the Companies Act or any other directives or orders does not arise.
6. On the basis of records produced we are of the opinion that prima facie cost records and accounts prescribed by the Central Government under sub section (1) of section 148 of the Companies Act, 2013 in respect of products of 'the company' covered under the rules under said section have been made and maintained. However we are neither required to carry out nor have carried out any detailed examination of such accounts and records.
- 7 . a) According to information and explanations given to us, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, custom duty, excise duty, value added tax, cess and any other statutory dues to the extent applicable to it.

According to the information and explanations given to us no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31<sup>st</sup> March,2016 for a period of more than six months from the date of becoming payable.

- b) The dues on account of Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty and Value Added Tax disputed and not being paid, visa vis forums where such disputes are pending are mentioned below :-

| Nature of Statute | Nature of the dues  | Period             | Amount (₹ in Lacs)            | Forum Where the Dispute is pending  |
|-------------------|---|--------------------|-------------------------------|---|
| Excise Duty       | Sterility Samples, Duty Free clearances / Input Dispute   | 2004-05 to 2015-16 | 55.66<br>3,710.92<br>1,741.66 | High Court Tribunals Commissioners  |
| Service Tax       | Payment under Reverse Charge mechanism on legal Consultancy Services  | 2013 to 2016       | 80.40                         | Applicability challenged with unfavorable order from Bombay High Court being stayed by Apex Court against petition of Bar Council |
| Income Tax        | Addition on account of Transfer Pricing Adjustment  | 2005-06            | 4.23                          | Income Tax Appellate Tribunal   |
| Customs Authority | Concessional rate of duty on Imported API's and Non fulfillment of export obligation imposed against Advance License for duty free import | 2014-15 & 2015-16  | 225.50                        | DGFT  |

- c) Regarding due on account of service tax referred to in (b) above, read with note no 3(23)(B)(ii) of financial statements, we have relied on legal opinion obtained by the company enjoining absence of obligation of company to pay relevant service tax due pending judgment on the issue by Apex Court.
8. Based on our audit procedures and the information and explanations given by the management, there are no loans or borrowings from a financial institution, government or Debenture holders. we are of the opinion that the company has not defaulted in repayment of loans or borrowings to any Bank.
  9. Based on our audit procedures and the information and explanations given by the management no money was raised by way of public offer (including debt instruments) during the year. Term loans obtained has been applied for the purpose for which those were raised there were no default or delay in repayment of principal and interest thereon. However, The foreign currency loan due for repayment subsequent to the date of balance sheet in April 2016 has been reschedule to April 2019 for repayment.



10. According to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the course of our audit.
11. The Managerial remuneration has been paid or provided in accordance with the provisions of section 197 read with Schedule V of the Act.
12. The Company is not a Nidhi Company accordingly paragraph 3 (xii) of the order is not applicable.
13. All the transactions with related parties are in compliance with section 177 and 188 of Companies Act,2013 and the details of related parties transactions have been disclosed in the Financial statements as required by the applicable accounting standard.
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. The Company has not entered into any non - cash transactions with Directors.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank Of India Act,1934.

For **G. BASU & Co.**  
Chartered Accountants  
(Firm's Registration No. 301174E)

Gurgaon  
24<sup>th</sup> May 2016

**S. LAHIRI**  
Partner  
(Membership No. 51717)

# Balance Sheet

as at 31<sup>st</sup> March 2016

(₹ in Lacs)

| DESCRIPTION                             | Note No. | As at<br>31st March 2016 | As at<br>31st March 2015 |
|---|----------|--------------------------|--------------------------|
| <b>I EQUITY AND LIABILITIES</b>         |          |                          |                          |
| <b>1. Shareholders' Funds</b>           |          |                          |                          |
| a) Share Capital                        | 3(1)     | 1,702.48                 | 1,702.48                 |
| b) Reserves and Surplus                 | 3(2)     | 42,141.15                | 50,517.16                |
| <b>2. Non Current Liabilities</b>       |          |                          |                          |
| a) Long Term Borrowings                 | 3(3)     | 17,038.23                | 9,866.64                 |
| b) Deferred Tax Liabilities (Net)       | 3(4)     | -                        | 1,465.78                 |
| c) Long Term Provisions                 | 3(5)     | 667.61                   | 708.74                   |
| <b>3. Current Liabilities</b>           |          |                          |                          |
| a) Short Term Borrowings                | 3(6)     | 25,086.47                | 25,081.81                |
| b) Trade Payables                       | 3(6A)    | 19,816.02                | 19,688.08                |
| c) Other Current Liabilities            | 3(7)     | 6,010.92                 | 1,592.41                 |
| d) Short Term Provisions                | 3(8)     | 1,397.37                 | 1,001.98                 |
| <b>Total:</b>                           |          | <b>113,860.25</b>        | <b>111,625.08</b>        |
| <b>II ASSETS</b>                        |          |                          |                          |
| <b>1. Non Current Assets</b>            |          |                          |                          |
| a) Fixed Assets                         | 3(9)     |                          |                          |
| i) Tangible Assets                      |          | 48,376.45                | 48,063.18                |
| ii) Intangible Assets                   |          | 186.19                   | 274.49                   |
| iii) Capital Work-in-Progress           |          | 2,693.83                 | 4,624.98                 |
| iv) Plantation in Progress              |          | 334.47                   | 450.95                   |
| v) Intangible Assets Under Development  |          | -                        | 444.21                   |
| b) Non Current Investments              | 3(10)    | 3.00                     | 3.00                     |
| c) Deferred Tax Assets (Net)            | 3(4)     | 161.74                   | -                        |
| d) Long Term Loans and Advances         | 3(11)    | 189.40                   | 227.63                   |
| e) Other Non Current Assets             | 3(12)    | 1,803.73                 | 2,040.06                 |
| <b>2. Current Assets</b>                |          |                          |                          |
| a) Inventories                          | 3(13)    | 38,450.61                | 34,018.16                |
| b) Trade Receivables                    | 3(14)    | 12,799.56                | 11,802.36                |
| c) Cash and Bank Balances               | 3(15)    | 234.11                   | 84.51                    |
| d) Short Term Loans and Advances        | 3(16)    | 7,802.40                 | 8,888.76                 |
| e) Other Current Assets                 | 3(17)    | 824.76                   | 702.79                   |
| Accounting Policy and Notes to Accounts | 2 & 3    |                          |                          |
| <b>Total:</b>                           |          | <b>113,860.25</b>        | <b>111,625.08</b>        |

FOR FRESENIUS KABI ONCOLOGY LIMITED

As per our report of even date attached

**RAKESH BHARGAVA**  
Chairman

**MARIA GOBBI**  
Managing Director

**KARSTEN LERCH**  
Director & CFO

**NIKHIL KULSHRESHTHA**  
Director & Secretary

**For G.BASU & CO**  
Chartered Accountants  
Firm Registration Number: 301174E

**S. LAHIRI**  
Partner  
Membership No. 51717

Gurgaon  
24<sup>th</sup> May 2016



# Profit & Loss Statement

for the year ended 31<sup>st</sup> March 2016

(₹ in Lacs)

| DESCRIPTION   | Note No.         | For The Year Ended<br>31 <sup>st</sup> March 2016 | For The Year Ended<br>31 <sup>st</sup> March 2015 |
|---|------------------|---|---|
| Sale of Product   | 3(18)(a)(i)      | 39,962.25   | 36,242.42   |
| Less: Excise Duty   |                  | (1,189.89)  | (2,060.19)  |
| <b>Net sale of Products</b>   |                  | <b>38,772.36</b>                                  | <b>34,182.23</b>                                  |
| Income from Services  |                  | 13,988.61   | 11,266.62   |
| Other Operating Revenue   | 3(18)(a)(ii)     | 1,604.85  | 965.57  |
| <b>I Income from Operation</b>  |                  | <b>54,365.82</b>                                  | <b>46,414.42</b>                                  |
| <b>II Other Income</b>  | <b>3(18) (b)</b> | <b>1,146.36</b>                                   | <b>798.35</b>                                     |
| <b>III Total Revenue (I + II)</b>   |                  | <b>55,512.18</b>                                  | <b>47,212.77</b>                                  |
| <b>IV Expenses</b>  |                  |   |   |
| Cost of Material Consumed   |                  | 28,791.37   | 29,289.38   |
| Purchase of Stock in Trade  |                  | 295.24  | 895.94  |
| Changes in Inventories of FG & WIP :  |                  |   |   |
| - Work in Progress  |                  | (1,494.99)  | (3,334.09)  |
| - Finished Goods  |                  | (1,784.79)  | 630.28  |
| Employee Benefits Expenses  | 3(19)            | 11,460.60   | 10,417.00   |
| Finance Costs   | 3(20)            | 3,987.57  | (1,262.39)  |
| Depreciation and Amortisation Expenses  | 3(21)            | 4,841.54  | 4,430.58  |
| Other Expenses  | 3(22)            | 18,972.24   | 17,351.01   |
| <b>Total Expenses</b>   |                  | <b>65,068.78</b>                                  | <b>58,417.71</b>                                  |
| (V) Profit / (Loss) Before Exceptional and Extraordinary Items and Tax (III - IV) |                  | <b>(9,556.60)</b>                                 | <b>(11,204.94)</b>                                |
| (VI) Exceptional Items Loss / (Income)  | 3(37)            | 1,861.53  | 4,220.42  |
| (VII) Profit / (Loss) Before Extraordinary Items and Tax (V - VI)                 |                  | <b>(11,418.13)</b>                                | <b>(15,425.36)</b>                                |
| (VIII) Extraordinary Items Income / (Loss)  | 3(33)            | 1,638.04  | -   |
| (IX) Profit / (Loss) Before Tax (VII + VIII)                                      |                  | <b>(9,780.09)</b>                                 | <b>(15,425.36)</b>                                |
| (X) Tax Expense   |                  |   |   |
| (1) Current Tax   |                  | -   | -   |
| (2) Deferred Tax  | 3(4)             | (1,551.52)  | 286.33  |
| (XI) Profit/(Loss) for the year from Continuing Operations (IX - X)               |                  | <b>(8,228.57)</b>                                 | <b>(15,711.69)</b>                                |
| (XII) Earnings Per Equity Share (Before Extraordinary Items) Basic and Diluted    | 3(36)            | (5.56)  | (9.08)  |
| (XIII) Earnings Per Equity Share (After Extraordinary Items) Basic and Diluted    | 3(36)            | (4.83)  | (9.65)  |
| <b>Accounting Policy and Notes to Accounts</b>                                    | <b>2 &amp; 3</b> |   |   |

FOR FRESENIUS KABI ONCOLOGY LIMITED

As per our report of even date attached

**RAKESH BHARGAVA**  
Chairman

**MARIA GOBBI**  
Managing Director

**KARSTEN LERCH**  
Director & CFO

**NIKHIL KULSHRESHTHA**  
Director & Secretary

**For G.BASU & CO**  
Chartered Accountants  
Firm Registration Number: 301174E

Gurgaon  
24<sup>th</sup> May 2016

**S. LAHIRI**  
Partner  
Membership No. 51717

# Statement of Cash Flow

(Pursuant to AS-3) Indirect Method

(₹ in Lacs)

| DESCRIPTION  | For The Year Ended<br>March 31, 2016 | For The Year Ended<br>March 31, 2015 |
|--|--------------------------------------|--------------------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                            |                                      |                                      |
| Net Profit Before Tax And After Extraordinary Items                      | (9,780.09)                           | (15,425.36)                          |
| ADD:   |                                      |                                      |
| Depreciation   | 4,841.54                             | 4,430.58                             |
| Interest   | 2,723.21                             | 2,300.77                             |
| Loss / (Gain) in Foreign Exchange Lying Unrealized                       | (108.60)                             | (4,293.92)                           |
| Loss on Sale of Fixed Assets   | 32.04                                | 43.47                                |
| Uninstalled Fixed Assets Discarded                                       | 696.59                               | 0.00                                 |
|  | 8,184.78                             | 2,480.90                             |
|  | (1,595.31)                           | (12,944.46)                          |
| LESS:  |                                      |                                      |
| Interest Income  | 177.95                               | 188.19                               |
|  | 177.95                               | 188.19                               |
| <b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>                   | <b>(1,773.26)</b>                    | <b>(13,132.65)</b>                   |
| <b>WORKING CAPITAL CHANGES</b>   |                                      |                                      |
| (Increase)/Decrease in Inventories                                       | (4,432.45)                           | (1,563.02)                           |
| (Increase)/Decrease in Debtors & Other Receivable                        | (191.56)                             | (481.91)                             |
| Increase/ (Decrease) in Trade and Other payable                          | 4,427.68                             | 3,053.86                             |
| Increase/(Decrease) in Working Capital                                   | (196.33)                             | 1,008.93                             |
| <b>Cash Generated From Operating Activities</b>                          | <b>(1,969.59)</b>                    | <b>(12,123.72)</b>                   |
| Tax Paid   | (20.28)                              | (24.05)                              |
| <b>CASH USED(-)/(+)GENERATED FOR OPERATING ACTIVITIES (A)</b>            | <b>(1,989.89)</b>                    | <b>(12,147.77)</b>                   |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                            |                                      |                                      |
| Payment against Acquisition of Fixed Assets                              | (3,832.30)                           | (3,719.32)                           |
| Proceeds from Sale of Fixed Assets                                       | 55.36                                | 29.55                                |
| Interest Received  | 24.53                                | 79.17                                |
| Proceeds of Investment Made  | 27.87                                | (795.28)                             |
| <b>CASH USED(-)/(+)GENERATED FOR INVESTING ACTIVITIES (B)</b>            | <b>(3,724.53)</b>                    | <b>(4,405.88)</b>                    |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                            |                                      |                                      |
| Issue of Equity  | 0.00                                 | 11,900.12                            |
| Increase/(Decrease) in Short Term Loan                                   | 56.04                                | 6,827.64                             |
| Increase/(Decrease) in Long Term Loan                                    | 8,343.18                             | 0.00                                 |
| Interest Paid  | (2,659.83)                           | (2,300.25)                           |
| <b>CASH USED(-)/(+)GENERATED IN FINANCING ACTIVITIES (C)</b>             | <b>5,739.39</b>                      | <b>16,427.51</b>                     |
| <b>Net Increase(+)/Decrease (-) In Cash And Cash Equivalents (A+B+C)</b> | <b>24.96</b>                         | <b>(126.14)</b>                      |
| <b>Cash And Cash Equivalents Opening Balance</b>                         | <b>32.38</b>                         | <b>158.52</b>                        |
| <b>Cash And Cash Equivalents Closing Balance</b>                         | <b>57.34</b>                         | <b>32.38</b>                         |
| <b>CASH AND CASH EQUIVALENTS (YEAR END)</b>                              |                                      |                                      |
| Balances with Banks (including Fixed Deposit maturing with in 3 month)   | 56.26                                | 29.30                                |
| Unrealised Foreign Currency Gain / (Loss)                                | 0.01                                 | 0.01                                 |
| Cash-in-Hand   | 1.07                                 | 3.07                                 |
| <b>Total</b>   | <b>57.34</b>                         | <b>32.38</b>                         |

FOR FRESENIUS KABI ONCOLOGY LIMITED

**RAKESH BHARGAVA**

Chairman

**MARIA GOBBI**

Managing Director

**KARSTEN LERCH**

Director & CFO

**NIKHIL KULSHRESHTHA**

Director & Secretary

As per our report of even date attached  
For **G.BASU & CO**

Chartered Accountants

Firm Registration Number: 301174E

**S. LAHIRI**

Partner

Membership No. 51717

Gurgaon  
24<sup>th</sup> May 2016



## Annexed to and forming part of the Accounts for the year ended 31st March 2016 of Fresenius Kabi Oncology Ltd.

### COMPANIES INFORMATION, ACCOUNTING POLICIES & NOTES TO ACCOUNTS

#### 1) Company Overview:

Fresenius Kabi Oncology Limited (The Company) is a Indian domiciled public limited Company, being direct subsidiary of Fresenius Kabi (Singapore) Pte. Ltd incorporated in Singapore. Ultimate holding company is Fresenius SE & Co. KGaA incorporated in Germany. The company is engaged in manufacturing of generic pharmaceutical products. The Company has three manufacturing units two at Baddi (HP) and one at Kalyani (West Bengal). It has a highly sophisticated research and development centre at Gurgaon catering to needs of the Company as well as the group.

#### 2) Significant Accounting Policies

##### a. Basis of preparation of Financial Statements:

The accounts have been prepared in accordance with Indian GAAP under historic cost convention. GAAP enjoins adherences of mandatory accounting standards referred to under section 133 of the Companies Act, 2013 read with rule 7 of Company (Accounts) Rules, 2013 and accounting principles generally accepted in India.

To comply with GAAP, estimate and assumptions are made for factors affecting balances of year end assets and liabilities and disclosure of contingent liabilities. Such estimates change from time to time according to situation and appropriate changes are made with the knowledge of circumstances warranting such changes. Material changes are reported in notes to accounts including disclosures of financial impact thereof.

All 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 Schedule III of the Companies Act, 2013.

##### b. Fixed Assets and Depreciation/Amortisation (Tangible & Intangible):

Fixed assets are stated at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and any directly & indirectly attributable expense of bringing the asset to its working condition for its intended use including expenses on startup, commissioning, trial run and experimental production.

- Depreciation on Fixed Assets have been provided for on straight line method in terms of life span of assets specified in schedule II of the Companies Act, 2013.
- Components relevant to fixed assets, where significant, are separately depreciated in terms of their life span assessed by technical evaluation.
- No depreciation has been provided on leasehold land, which are either for a period of 999 years or of perpetual nature. Relevant assets will be amortised in the year of termination of lease-deed, if occurs. Remaining leasehold land which include development made there on is amortizable on straight line method over the period of lease.
- Plantation cost, capitalized for different segments of cultivable area, is amortized on straight line basis in residual period of lease since commencement of harvesting in respect of relevant segment of land.
- Expenditure incurred on account of product development is capitalized as intangible assets after the product is developed. The same is amortised on Straight Line method over a period of 10 years from the year of completion of development.
- Patents acquired from external sources are treated as intangible assets which are amortized on Straight Line method over a period of 10 years from the year of acquisition.

##### c. Impairment of Assets:

- i. The company identifies impairable tangible fixed assets at the year-end in term of cash generating unit concept for the purpose of arriving at impairment loss thereon being the difference between the book value and recoverable value of relevant assets if indication of impairment exists within the meaning of para 5 to 13 of AS-28 issued by ICAI. Impairment loss, if any, when crystallizes is charged against revenue of the year.
- ii. Intangible assets are subjected to periodic test of impairment on asset specific perspective in terms of para-83, AS-26.

##### d. Investments:

Investments, being of long-term in nature, are held at cost.

**e. Inventory:**

Stocks are valued at lower of cost or net realizable value. Cost is determined as follows:

- |   |   |
|---|---|
| • Raw materials, Packing materials, Stores & Spares : | At cost computed on moving average basis                            |
| • Work-in-process :                                   | At cost of input plus overhead. Upto the stage of completion        |
| • Finished goods :                                    | At cost of input plus appropriate Overhead                          |
| • Plantation Inventory :                              | At total cost of plantation which includes lease amortisation cost. |

**f. Plantation Accounting:**

Plantation of agro based input has been undertaken by the Company in joint venture with a third party in land leased by government authorities in the name of co-venturer, plantation period wherein extends in years and yield there-from augment with repeat cultivation. Entire annual recurring & non-recurring cost is charged in the year of incurrence to plantation in progress account maintained in terms of year of procurement of sapling / development of area, relevant plantation relates to prior to commencement of harvesting. Based on aforesaid practice, the entire cultivable land has been divided in five segments of fixed assets named Plantation - I (2008-09), Plantation - II (2010), Plantation -III (2011), Plantation - IV (2012) and Plantation - V (2013).

Plantation in progress (forming part of Fixed Assets) is capitalized to plantation account in the year the area, the plantation relates to, starts yielding output i.e, the year of commencement of harvesting.

Subsequent to commencement of harvesting in segment of plantation area, any cost incurred therein is charged to revenue. Saplings damaged are held as cutting at realisable value.

**g. Research and Development Expenses:**

Scientific research expenses are charged to the Profit & Loss Statement in the year in which the expenses are incurred.

Development expenses when duly measurable for attribution in specific context of intangible asset are capitalized as stated in 2(b) above on account of intangible asset for intended uses subject to technical feasibility of completing the asset with adequacy of technical, financial & other resources in the custody of the Company to complete the development & it's generation of further economic benefit. Otherwise, the same is charged to revenue.

**h. Retirement Benefits:**

Liabilities in respect of retirement benefits to employees are provided for as follows: -

- i) Defined Benefit Plans:
  - Leave salary of employees on the basis of actuarial valuation as per AS 15 (revised).
  - Gratuity liability on the basis of actuarial valuation as per AS 15 (revised).
- ii) Defined contribution plan:
  - Liability for superannuation fund on the basis of the premium paid to the Life Insurance Corporation of India in respect of employees covered under Superannuation Fund Policy.
  - Provident fund & ESI on the basis of actual liability accrued and paid to trust / authority.

**i. Recognition of Income and Expenses:**

- Sales and purchases are accounted for on the basis of passing of title to the goods.
- Sales comprise of sale price of goods including excise duty but exclude trade discount, VAT and sales tax.
- Income from research & development services extended is accounted for in respect of the period, relevant service relate to.
- All items of other incomes and expenses have been accounted for on accrual basis unless stated otherwise.
- Income accruals having uncertainty in realization are accounted for on realization basis as envisaged under AS 9.

**j. Income Tax and Deferred Tax:**

The liability of the Company is estimated considering the provision of the Income Tax, 1961. Deferred tax is recognized subject to the consideration of prudence, on time differences being the difference between taxable income and accounting income that originate in one period and capable of reversal in one or more subsequent periods in due cognizance of AS-22.



**k. Forward Contract and option in Foreign Currency:**

Gains or loss on forward exchange contracts to hedge overseas exposures against adverse currency fluctuation under mark to market are computed by multiplying foreign currency amount of forward exchange contract by the difference between the forward rate available at the reporting date for the remaining contract yet to mature and contracted forward rate.

**l. Contingent Liabilities:**

Disputed liabilities and claims against the Company including claims raised by fiscal authorities are provided in accounts unless no reliable estimate can be made of the amount of obligation or possibility of future cash flow is remote. Otherwise the same is disclosed by way of notes to accounts.

**m. Foreign Currency Translation:**

Foreign branches/offices are treated as integral operation as defined under AS-11 (Revised). Revenue items have been converted at the simple average of monthly exchange rates prevailing during the year. Fixed assets have been converted at the rates prevailing on dates of purchase of overseas assets. Outside liabilities and assets other than fixed assets are converted at the year-end exchange rate. Exchange gain or loss arising out of above is charged to Profit & Loss Statement.

- Transactions in foreign currencies are recognized at rate of overseas currency ruling on the date of transactions. Gain/Loss arising on account of rise or fall in overseas currencies vis-à-vis reporting currency between the date of transaction and that of payment is charged to Profit & Loss Statement under broad head of finance cost.
- Increase / decrease in foreign currency loan on account of exchange fluctuation is debited / credited to Profit and Loss Statement as finance cost.

**n. Government Grants:**

Project Capital subsidy is credited to shareholder's funds as Capital reserve.

### 3) NOTES TO ACCOUNTS

#### 1: SHARE CAPITAL

##### Particulars of Shares:

| Class of Shares                    |                       | Face value of one share | Authorised Capital   |                      | Issued, Subscribed & Fully Paid up |                      | Number of shares held by Fresenius Kabi (Singapore) Pte Ltd., the Holding Body Corporate |
|------------------------------------|-----------------------|-------------------------|----------------------|----------------------|------------------------------------|----------------------|--|
|                                    |                       |                         | No.                  | Value<br>(₹ in lacs) | No.                                | Value<br>(₹ in lacs) |  |
| Equity Shares                      | As at 31st March 2016 | Re. 1                   | 180,000,000          | 1,800.00             | 170,247,857                        | 1,702.48             | 165,232,882  |
|                                    | As at 31st March 2015 | Re. 1                   | (180,000,000)        | (1,800.00)           | (170,247,857)                      | (1,702.48)           | (165,232,060)  |
| <b>Total paid up Share Capital</b> |                       | +                       | <b>180,000,000</b>   | <b>1,800.00</b>      | <b>170,247,857</b>                 | <b>1,702.48</b>      |  |
|                                    |                       | +                       | <b>(180,000,000)</b> | <b>(1,800.00)</b>    | <b>(170,247,857)</b>               | <b>(1,702.48)</b>    |  |

**Footnote:**

- a) The Company has one class of equity shares having a par value of Re. 1 per share. Each shareholder is eligible for one vote per share held.
- b) Right, preference, repayment & restriction, if any, on equity shares: Shares of the Company are ordinarily transferable provided;
  - i) Instrument of transfer is in form prescribed under the act & duly stamped and executed by / on behalf of transferor and transferee.
  - ii) Transferee consenting or replying affirmatively within specified period of his receipt of notice under section 56 (1) of the Companies Act, 2013 issued by the Company in respect of application of transfer of registration of partly paid shares made by the transferor.
  - iii) Transferee is not of unsound mind.
  - iv) Company does not have any lien on shares under application of transfer.

c) Movement of Shares

| Particulars   | For the Year ended<br>31st March 2016 | For the Year ended<br>31st March 2015 |
|---|---------------------------------------|---------------------------------------|
| Opening number of Shares                                    | 170,247,857                           | 158,227,655                           |
| Number of shares issued in cash by way of Private placement | -                                     | 12,020,202                            |
| Closing number of Shares                                    | 170,247,857                           | 170,247,857                           |

**2: RESERVES & SURPLUS**

(₹ in Lacs)

| Particulars   | Details     | As at<br>31st March 2016 | Details     | As at<br>31st March 2015 |
|---|-------------|--------------------------|-------------|--------------------------|
| Capital Reserve: (As per last account)  |             | 180.00                   |             | 180.00                   |
| Securities Premium Reserve  |             |                          |             |                          |
| Opening Balance   | 19,455.21   |                          | 7,675.41    |                          |
| Add: Addition during the year   | -           | 19,455.21                | 11,779.80   | 19,455.21                |
| General Reserve: (As per last account)  |             | 52,411.42                |             | 52,411.42                |
| Surplus / (Deficit):  |             |                          |             |                          |
| Opening Balance   | (21,529.47) |                          | (5,666.46)  |                          |
| Add: Depreciation charge on overaged Components (previous year assets) in terms of Sch. II of the Companies Act, 2013 (net off Deffered Tax Implication ₹ 76.00, previous year ₹ 67.66) | (147.44)    |                          | (151.32)    |                          |
|   | (21,676.91) |                          | (5,817.78)  |                          |
| Add: Loss for the year  | (8,228.57)  | (29,905.48)              | (15,711.69) | (21,529.47)              |
| <b>Total</b>  |             | <b>42,141.15</b>         |             | <b>50,517.16</b>         |

**3: LONG TERM BORROWINGS**

(₹ in Lacs)

| Nature of Borrowing                | Period                       | Total             | Secured  | Unsecured         | Rate of Interest  |
|------------------------------------|------------------------------|-------------------|----------|-------------------|---|
| Term Loans from Related Parties    |                              |                   |          |                   |   |
| Holding Company (Foreign Currency) | As at 31st March 2016        | 11,038.23         | -        | 11,038.23         | Euribor+200 basis points<br>Interest is payable on half yearly basis on 15th April and 15th Oct |
|                                    | As at 31st March 2015        | (9,866.64)        | -        | (9,866.64)        |   |
| Ultimate Holding Company           | As at 31st March 2016        | 6,000.00          | -        | 6,000.00          | Mibor + 138.5 basis point<br>Interest is payable on half yearly basis on 19th Feb and 19th Aug  |
|                                    | As at 31st March 2015        | -                 | -        | -                 |   |
| <b>Total</b>                       | <b>As at 31st March 2016</b> | <b>17,038.23</b>  | <b>-</b> | <b>17,038.23</b>  |   |
|                                    | <b>As at 31st March 2015</b> | <b>(9,866.64)</b> | <b>-</b> | <b>(9,866.64)</b> |   |

**Footnote:**

- There is no default in repayment of principal loan or interest thereon.
- No guarantee bond has been furnished against any loan by any third party including directors.
- Payback program against principal loan
  - Foreign currency loan will be repaid in lump sum in April 2019
  - The remaining loan will be repaid in FY 2021-22.

**4: DEFERRED TAX LIABILITIES (NET)**

(₹ in Lacs)

| Particulars  | As At    |                   | As At    |                 |
|--|----------|-------------------|----------|-----------------|
|  | Details  | 31st March 2016   | Details  | 31st March 2015 |
| <b>Deferred Tax Liability :</b>  |          |                   |          |                 |
| Depreciation   |          | 6,894.93          |          | 5,733.83        |
| <b>Less: Deferred Tax Assets :</b>   |          |                   |          |                 |
| Doubtful debts   | 729.42   |                   | 293.79   |                 |
| Provision for leave salary   | 258.54   |                   | 245.88   |                 |
| Provision for Gratiuty   | 216.27   |                   | 156.09   |                 |
| Provision for others   | 109.08   |                   | 90.86    |                 |
| Unabsorbed Loss  | 5,743.36 | 7,056.67          | 3,481.43 | 4,268.05        |
| <b>Net Deferred Tax Liability / (Assets)</b>   |          | <b>(161.74)</b>   |          | <b>1,465.78</b> |
| <b>Net Increase (Decrease) in Deferred Tax Liability</b>   |          | <b>(1,627.52)</b> |          | <b>218.67</b>   |
| <b>(Decrease)/Accretion in Deferred Tax Liability provided during the year in statement of Profit &amp; Loss</b> |          | <b>(1,551.52)</b> |          | <b>286.33</b>   |
| <b>Deferred Tax Assets adjusted against Surplus / Deficit in Balance Sheet</b>                                   |          | <b>(76.00)</b>    |          | <b>(67.66)</b>  |

**Footnote:**

Loss, being of temporary nature, is virtually certain to be set off from taxable profit of the company in years ahead as decremental loss with the passage of years noticeable in financial statements. Nevertheless, recognition of deferred tax asset in this regard has been, inter-alia, restricted to only depreciation component lying unabsorbed at year end under fiscal act as a measure of prudence.

**5: LONG TERM PROVISIONS**

(₹ in Lacs)

| Particulars      | As at           | As at           |
|------------------|-----------------|-----------------|
|                  | 31st March 2016 | 31st March 2015 |
| Leave Encashment | 667.61          | 708.74          |
| <b>Total</b>     | <b>667.61</b>   | <b>708.74</b>   |

**6: SHORT TERM BORROWINGS**

(₹ in Lacs)

| Sl           | Nature of Borrowings                         | As at            | Total              | Secured         | Unsecured          |
|--------------|--|------------------|--------------------|-----------------|--------------------|
|              |  | 31st March 2016  | 31st March 2015    | 31st March 2016 | 31st March 2015    |
| i)           | Cash Credits from bank (Including WCDL)      | 15,324.77        | (19,511.15)        | 3,887.90        | (15,850.28)        |
|              |  |                  |                    |                 |                    |
| ii)          | Packing Credit from Banks (Foreign Currency) | 9,761.70         | (5,570.66)         | -               | (5,570.66)         |
|              |  |                  |                    |                 |                    |
| <b>Total</b> |  | <b>25,086.47</b> | <b>(25,081.81)</b> | <b>3,887.90</b> | <b>(21,420.94)</b> |
|              |  |                  |                    |                 |                    |

**Footnote:**

- There is no default in repayment of principal loan or interest thereon.
- Secured component of cash credit from one bank is covered by hypothecation of current assets including inventories.
- Unsecured Loans from five banks are covered by guarantee bond furnished by a holding company.

**6A: TRADE PAYABLE**

(₹ in Lacs)

| Particulars     | As at<br>31 <sup>st</sup> March 2016 | As at<br>31 <sup>st</sup> March 2015 |
|-----------------|--------------------------------------|--------------------------------------|
| Acceptance      | 1,438.33                             | 1,689.86                             |
| Other Creditors | 18,377.69                            | 17,998.22                            |
| <b>Total</b>    | <b>19,816.02</b>                     | <b>19,688.08</b>                     |

**7: OTHER CURRENT LIABILITIES**

(₹ in Lacs)

| Particulars                 | As at<br>31 <sup>st</sup> March 2016 | As at<br>31 <sup>st</sup> March 2015 |
|-----------------------------|--------------------------------------|--------------------------------------|
| Interest Accrued & not due  | 175.90                               | 112.52                               |
| Advances from Customers     | 4,400.92                             | 65.59                                |
| Statutory Liabilities       | 303.74                               | 427.36                               |
| Creditors for Capital Goods | 428.44                               | 701.52                               |
| Other Payable               | 701.92                               | 285.42                               |
| <b>Total:</b>               | <b>6,010.92</b>                      | <b>1,592.41</b>                      |

**8: SHORT TERM PROVISIONS**

(₹ in Lacs)

| Particulars   | As at<br>31 <sup>st</sup> March 2016 | As at<br>31 <sup>st</sup> March 2015 |
|---|--------------------------------------|--------------------------------------|
| Leave Encashment  | 93.03                                | 86.98                                |
| Gratuity Payable  | 636.28                               | 505.15                               |
| Bonus   | 247.88                               | 47.52                                |
| Income Tax (Net of Advance Tax ₹ 6.80,<br>Previous Year ₹ 5,159.63) | 99.25                                | 17.19                                |
| Provision - Others  | 320.93                               | 345.14                               |
| <b>Total:</b>   | <b>1,397.37</b>                      | <b>1,001.98</b>                      |

**9: FIXED ASSETS**

(₹ in Lacs)

| SI   | Particulars of Assets               | Gross Cost / Value as on 1.4.15 | Gross Block     |                           |                 |                                   | Depreciation / Amortisation |                    |                  |                                   | Net Block            |                     |                     |                  |                  |
|------|-------------------------------------|---------------------------------|-----------------|---------------------------|-----------------|-----------------------------------|-----------------------------|--------------------|------------------|-----------------------------------|----------------------|---------------------|---------------------|------------------|------------------|
|      |                                     |                                 | Acquisition     | Addition Other Adjustment | Sub Total       | Sale/ adjustment during this Year | Gross Balance as on 31.3.16 | Total as on 1.4.15 | for the Year     | Sale/ adjustment during this Year | Total as on 31.03.16 | WDV. as on 31.03.16 | WDV. as on 31.03.15 |                  |                  |
| i)   | Tangible Assets                     |                                 |                 |                           |                 |                                   |                             |                    |                  |                                   |                      |                     |                     |                  |                  |
|      | Freehold Land                       | 625.77                          | -               | -                         | -               | -                                 | -                           | 625.77             | -                | -                                 | -                    | -                   | -                   | 625.77           | 625.77           |
|      | Leasehold Land                      | 428.36                          | -               | -                         | -               | -                                 | -                           | 428.36             | -                | 69.11                             | 14.55                | -                   | -                   | 344.70           | 359.25           |
|      | Building, Road & Culverts           | 13,025.95                       | -               | 1,375.78                  | 1,375.78        | -                                 | -                           | 14,401.73          | -                | 2,105.52                          | 480.29               | -                   | -                   | 11,815.92        | 10,920.43        |
|      | Plant & Machinery                   | 45,326.47                       | 1,033.53        | 2,225.82                  | 3,259.35        | 75.40                             | 48,510.42                   | 75.40              | 48,510.42        | 11,632.67                         | 3,809.45             | 26.62               | 15,415.50           | 33,094.92        | 33,693.80        |
|      | Vehicles                            | 359.43                          | 83.15           | -                         | 83.15           | 95.54                             | 347.04                      | 347.04             | 347.04           | 147.70                            | 43.03                | 59.75               | 130.98              | 216.06           | 211.73           |
|      | Furniture & Fixtures                | 3,062.25                        | 9.31            | 225.33                    | 234.64          | 40.34                             | 3,256.55                    | 40.34              | 3,256.55         | 1,622.54                          | 291.09               | 33.41               | 1,880.22            | 1,376.33         | 1,439.71         |
|      | Office Equipment                    | 904.87                          | 63.37           | 11.39                     | 74.76           | 40.06                             | 939.57                      | 40.06              | 939.57           | 468.78                            | 149.67               | 24.71               | 593.74              | 345.83           | 436.09           |
|      | Computers                           | 1,646.25                        | 161.71          | 104.63                    | 266.34          | 115.14                            | 1,797.45                    | 115.14             | 1,797.45         | 1,269.86                          | 180.92               | 110.22              | 1,340.56            | 456.89           | 376.39           |
|      | Plantation                          | -                               | -               | 107.72                    | 107.72          | -                                 | 107.72                      | -                  | 107.72           | -                                 | 7.69                 | -                   | 7.69                | 100.03           | -                |
|      | <b>Total:</b>                       | <b>65,379.35</b>                | <b>1,351.07</b> | <b>4,050.67</b>           | <b>5,401.74</b> | <b>366.48</b>                     | <b>70,414.61</b>            | <b>366.48</b>      | <b>70,414.61</b> | <b>17,316.18</b>                  | <b>4,976.69</b>      | <b>254.71</b>       | <b>22,038.16</b>    | <b>48,376.45</b> | <b>48,063.17</b> |
| ii)  | Intangible Assets                   |                                 |                 |                           |                 |                                   |                             |                    |                  |                                   |                      |                     |                     |                  |                  |
|      | Product Development                 | 602.65                          | -               | -                         | -               | -                                 | 602.65                      | -                  | 602.65           | 421.86                            | 60.39                | -                   | 482.25              | 120.40           | 180.79           |
|      | Patent/ Product Rights              | 270.69                          | -               | -                         | -               | -                                 | 270.69                      | -                  | 270.69           | 177.00                            | 27.90                | -                   | 204.90              | 65.79            | 93.69            |
|      | <b>Total:</b>                       | <b>873.34</b>                   | <b>-</b>        | <b>-</b>                  | <b>-</b>        | <b>-</b>                          | <b>873.34</b>               | <b>-</b>           | <b>873.34</b>    | <b>598.86</b>                     | <b>88.29</b>         | <b>-</b>            | <b>687.15</b>       | <b>186.19</b>    | <b>274.49</b>    |
| iii) | Capital Work-in-progress            | 4,624.98                        | 2,190.88        | -                         | 2,190.88        | 4,122.03                          | 2,693.83                    | 4,122.03           | 2,693.83         | -                                 | -                    | -                   | -                   | 2,693.83         | 4,624.98         |
| iv)  | Plantation in progress              | 450.95                          | 71.47           | -                         | 71.47           | 187.95                            | 334.47                      | 187.95             | 334.47           | -                                 | -                    | -                   | -                   | 334.47           | 450.95           |
| v)   | Intangible assets under Development | 444.21                          | -               | -                         | -               | 444.21                            | -                           | 444.21             | -                | -                                 | -                    | -                   | -                   | -                | 444.21           |
|      | <b>Grand Total (i+ii+iii+iv+v)</b>  | <b>71,772.83</b>                | <b>3,613.42</b> | <b>4,050.67</b>           | <b>7,664.09</b> | <b>5,120.67</b>                   | <b>74,316.25</b>            | <b>5,120.67</b>    | <b>74,316.25</b> | <b>17,915.04</b>                  | <b>5,064.98</b>      | <b>254.71</b>       | <b>22,725.31</b>    | <b>51,590.94</b> | <b>53,857.79</b> |
|      | Previous Year                       | 67,527.06                       | 4,413.78        | 6,073.72                  | 10,487.50       | 6,241.72                          | 71,772.84                   | 6,241.72           | 71,772.84        | 13,360.34                         | 4,649.56             | 94.86               | 17,915.04           | 53,857.81        |                  |

**Notes:**

- 1) Leasehold Land relates to:
  - a) 61,943 acres of Land at Kalyani taken on operational lease for 999 years from 11th January 1989.
  - b) 77,465 square feet of Land at Gurgaon taken on operational lease for 8 years from 01st October 2009.
- 2) Capital work in process include furniture & fittings in plantation site worth ₹ Nil lacs (previous year ₹ 65.26 lacs) pending installation.
- 3) Depreciation for the year include ₹ 223.44 lacs (Previous year ₹ 218.98 lacs), being against overaged components (previous year fixed assets) reduced to residual value on account of downward revision of life span of assets following footnote of Schedule II, the Companies Act, 2013 which has been adjusted (net of deferred tax implication there on) with surplus / deficiency under the head of 'Reserve and Surplus' in Balance Sheet.

**10: NON CURRENT INVESTMENTS**

| Particulars   | (₹ in Lacs)                          |                                      |
|---|--------------------------------------|--------------------------------------|
|   | As at<br>31 <sup>st</sup> March 2016 | As at<br>31 <sup>st</sup> March 2015 |
| Trade Investment in Domestic Company in fully paid equity instrument of Shivalik Solid Waste Management Limited (30,000, Previous year 30,000 number of equity shares of Rs. 10/- each) | 3.00                                 | 3.00                                 |
| <b>Total:</b>   | <b>3.00</b>                          | <b>3.00</b>                          |
| <b>Footnote:</b>  |                                      |                                      |
| Aggregate Book Value of Unquoted Investments  | 3.00                                 | 3.00                                 |

**11: LONG TERM LOANS & ADVANCES**

| Particulars  | (₹ in Lacs)                          |                                      |
|--|--------------------------------------|--------------------------------------|
|  | As at<br>31 <sup>st</sup> March 2016 | As at<br>31 <sup>st</sup> March 2015 |
| Unsecured & Considered Good:   |                                      |                                      |
| Capital Advance  | 144.87                               | 199.07                               |
| Advance Payment of Tax (Net of provision ₹ Nil, Previous Year ₹ Nil) | 44.53                                | 28.56                                |
| <b>Total</b>   | <b>189.40</b>                        | <b>227.63</b>                        |

**12: OTHER NON CURRENT ASSETS**

| Particulars                                      | (₹ in Lacs)                          |                                      |
|--|--------------------------------------|--------------------------------------|
|  | As at<br>31 <sup>st</sup> March 2016 | As at<br>31 <sup>st</sup> March 2015 |
| Unsecured & Considered Good:                     |                                      |                                      |
| Deposit with Electricity Board                   | 11.48                                | 121.23                               |
| Rent Deposit                                     | 316.98                               | 291.05                               |
| Margin Money with Bank (Maturing after one year) | 1,475.27                             | 1,627.78                             |
| <b>Total</b>                                     | <b>1,803.73</b>                      | <b>2,040.06</b>                      |

**13: INVENTORIES**

| Particulars          | (₹ in Lacs)                          |                                      |
|----------------------|--------------------------------------|--------------------------------------|
|                      | As at<br>31 <sup>st</sup> March 2016 | As at<br>31 <sup>st</sup> March 2015 |
| Raw Materials        | 12,728.51                            | 12,548.53                            |
| Work-in-Progress     | 13,261.39                            | 11,766.40                            |
| Finished goods       | 8,758.09                             | 7,000.13                             |
| Stores & spares      | 3,675.79                             | 2,703.10                             |
| Plantation Inventory | 26.83                                | -                                    |
| <b>Total</b>         | <b>38,450.61</b>                     | <b>34,018.16</b>                     |

**Footnote:**

Raw Material Includes:

|                    |       |        |
|--------------------|-------|--------|
| - Stock-In-transit | 28.99 | 152.68 |
|--------------------|-------|--------|

**14: TRADE RECEIVABLES**

| Particulars   | (₹ in Lacs)                                     |   |
|---|---|---|
|   | Details<br>As at<br>31 <sup>st</sup> March 2016 | Details<br>As at<br>31 <sup>st</sup> March 2015 |
| Unsecured:  |   |   |
| Debts outstanding for a period above 6 months since due date of payment |   |   |
| Considered Good   | 253.23  | 278.16  |
| Considered Doubtful   | 2,145.99  | 950.76  |
|   | 2,399.22  | 1,228.93  |
| Less: Provision for doubtful debts                                      | 2,145.99  | 950.76  |
|   | 253.23  | 278.16  |
| Other Debts: Considered Good  | 12,546.33                                       | 11,524.20                                       |
| <b>Total</b>  | <b>12,799.56</b>                                | <b>11,802.36</b>                                |



**15: CASH & BANK BALANCES:**

(₹ in Lacs)

| Particulars  | As at<br>31 <sup>st</sup> March 2016 | As at<br>31 <sup>st</sup> March 2015 |
|--|--------------------------------------|--------------------------------------|
| Balances with Banks  | 1,531.54                             | 1,658.50                             |
| Fixed Deposit maturing after three month but before 1 year | 176.77                               | 52.13                                |
| Cash-in-Hand   | 1.07                                 | 1.66                                 |
|  | <b>1,709.38</b>                      | <b>1,712.29</b>                      |
| Less: Transfer to Non current Assets (Note No. 3(12))      | 1,475.27                             | 1,627.78                             |
| <b>Total</b>   | <b>234.11</b>                        | <b>84.51</b>                         |

**Footnote:**

|   |          |          |
|---|----------|----------|
| a. Balances with banks include -                    |          |          |
| Pledged on account of margin against bank guarantee |          |          |
| i) Maturing after one year                          | 1,475.27 | 1,627.78 |
| ii) Maturing with in a year                         | 176.77   | 52.13    |

**16: SHORT TERM LOANS & ADVANCES**

(₹ in Lacs)

| Particulars  | As at<br>31 <sup>st</sup> March 2016 | As at<br>31 <sup>st</sup> March 2015 |
|--|--------------------------------------|--------------------------------------|
| <b>Unsecured &amp; Considered good</b>   |                                      |                                      |
| Advances to Suppliers  | 1,593.78                             | 2,169.54                             |
| Advances to Employees  | 125.54                               | 104.01                               |
| Balance with Government Authorities  | 5,139.52                             | 5,526.13                             |
| Advance Payment of Tax (Net of Provisions<br>₹ 5,944.49, Previous Year ₹ 7,668.84) | 616.00                               | 529.73                               |
| Other Loans & Advances   | 327.56                               | 559.35                               |
| <b>Total</b>   | <b>7,802.40</b>                      | <b>8,888.76</b>                      |

**Footnote**

Advance to Employee includes due from:

|             |      |      |
|-------------|------|------|
| a) Officers | -    | 0.67 |
| b) Director | 1.50 | 1.00 |

**17: OTHER CURRENT ASSETS**

(₹ in Lacs)

| Particulars                             | As at<br>31 <sup>st</sup> March 2016 | As at<br>31 <sup>st</sup> March 2015 |
|---|--------------------------------------|--------------------------------------|
| <b>Unsecured &amp; Considered Good:</b> |                                      |                                      |
| Interest Accrued on Fixed Deposit       | 281.05                               | 127.63                               |
| Export Subsidy Receivable               | 250.78                               | 424.53                               |
| Security Deposit                        | 292.93                               | 150.63                               |
| <b>Total</b>                            | <b>824.76</b>                        | <b>702.79</b>                        |

**18(a)(i): REVENUE FROM OPERATIONS**

(₹ in Lacs)

| Particulars                   | For the Year Ended<br>31 <sup>st</sup> March 2016 | For the Year Ended<br>31 <sup>st</sup> March 2015 |
|-------------------------------|---|---|
| <b>Sale of Products (Net)</b> |   |   |
| Domestic                      | 7,605.70  | 5,678.42  |
| Export                        | 32,356.55   | 30,564.00   |
| <b>Total</b>                  | <b>39,962.25</b>                                  | <b>36,242.42</b>                                  |

**18(a)(ii): REVENUE FROM OPERATIONS**

(₹ in Lacs)

| Particulars                     | For the Year Ended<br>31st March 2016 | For the Year Ended<br>31st March 2015 |
|---------------------------------|---------------------------------------|---------------------------------------|
| <b>Other Operating Revenues</b> |                                       |                                       |
| Export Subsidy                  | 966.60                                | 788.62                                |
| Sale of Scrap                   | 61.24                                 | 127.70                                |
| Discount Received               | 471.83                                | -                                     |
| Misc. Receipts                  | 105.18                                | 49.25                                 |
| <b>Total</b>                    | <b>1,604.85</b>                       | <b>965.57</b>                         |

**18(b): OTHER INCOME**

(₹ in Lacs)

| Particulars                               | For the Year Ended<br>31st March 2016 | For the Year Ended<br>31st March 2015 |
|---|---------------------------------------|---------------------------------------|
| Interest on Fixed Deposit                 | 177.95                                | 188.19                                |
| Provision for Doubtful Debts Written Back | 94.47                                 | 610.16                                |
| Liability written Back                    | 820.91                                | -                                     |
| Provision Other Written Back              | 53.03                                 | -                                     |
| <b>Total</b>                              | <b>1,146.36</b>                       | <b>798.35</b>                         |

**19: EMPLOYEE BENEFITS EXPENSES**

(₹ in Lacs)

| Particulars                               | For the Year Ended<br>31st March 2016 | For the Year Ended<br>31st March 2015 |
|---|---------------------------------------|---------------------------------------|
| Salaries, Wages and Bonus                 | 10,079.80                             | 8,786.65                              |
| Contribution to Provident and Other Funds | 594.53                                | 895.24                                |
| Workmen and Staff Welfare                 | 786.27                                | 735.11                                |
| <b>Total</b>                              | <b>11,460.60</b>                      | <b>10,417.00</b>                      |

**20: FINANCE COST**

(₹ in Lacs)

| Particulars                         | For the Year Ended<br>31st March 2016 | For the Year Ended<br>31st March 2015 |
|-------------------------------------|---------------------------------------|---------------------------------------|
| Interest Expense                    | 2,723.21                              | 2,300.77                              |
| Bank Charges                        | 154.00                                | 162.86                                |
| Net (gain)/loss on foreign currency | 1,110.36                              | (3,726.02)                            |
| <b>Total</b>                        | <b>3,987.57</b>                       | <b>(1,262.39)</b>                     |

**21: DEPRECIATION & AMORTISATION**

(₹ in Lacs)

| Particulars   | For the Year Ended<br>31st March 2016 | For the Year Ended<br>31st March 2015 |
|---|---------------------------------------|---------------------------------------|
| Depreciation on Tangible Fixed Assets<br>(Read with Note No 3(9)) | 4,954.45                              | 4,546.03                              |
| Amortisation of Tangible Fixed Assets<br>(Read with Note No 3(9)) | 22.24                                 | 15.24                                 |
| Amortisation of Intangible Fixed Assets                           | 88.29                                 | 88.29                                 |
| <b>Total</b>  | <b>5,064.98</b>                       | <b>4,649.56</b>                       |
| Less: Adjusted against Reserve & Surplus                          | (223.44)                              | (218.98)                              |
| <b>Total</b>  | <b>4,841.54</b>                       | <b>4,430.58</b>                       |

**22: OTHER EXPENSES**

(₹ in Lacs)

| Particulars                                | Details  | As at<br>31st March 2016 | Details  | As at<br>31st March 2015 |
|--|----------|--------------------------|----------|--------------------------|
| <b>Manufacturing Expenses</b>              |          |                          |          |                          |
| Differential Excise Duty on Closing Stock  | (1.00)   |                          | 1.32     |                          |
| Power and Fuel                             | 3,365.50 |                          | 3,269.70 |                          |
| Stores and Spares Consumed                 | 2,782.64 |                          | 1,748.90 |                          |
| Repair to Building                         | 204.88   |                          | 336.16   |                          |
| Repair to Plant and Machinery              | 704.17   |                          | 1,819.14 |                          |
| Repair to Others                           | 147.26   |                          | 327.66   |                          |
| Testing Charges                            | 727.30   |                          | 912.82   |                          |
| Processing Charges                         | -        |                          | 62.48    |                          |
|  |          | 7,930.75                 |          | 8,478.18                 |
| <b>Selling and Distribution Expenses</b>   |          |                          |          |                          |
| Freight and Forwarding Charges             | 1,385.95 |                          | 1,410.79 |                          |
| Commission, Discount and Rebate            | 235.57   |                          | 252.69   |                          |
| Advertisement and Publicity                | 280.70   |                          | 449.41   |                          |
|  |          | 1,902.22                 |          | 2,112.89                 |
| <b>Plantation Cost</b>                     |          |                          |          |                          |
| Rent                                       | 6.00     |                          | -        |                          |
| Bonus                                      | 1.86     |                          | -        |                          |
| Professional Fees                          | 3.22     |                          | -        |                          |
| Maintenance Cost                           | 14.22    |                          | -        |                          |
| Other                                      | 24.92    |                          | -        |                          |
|  |          | 50.22                    |          | -                        |
| <b>Establishment Expenses</b>              |          |                          |          |                          |
| Rates and taxes                            | 835.84   |                          | 318.05   |                          |
| Rent                                       | 721.74   |                          | 766.18   |                          |
| Insurance                                  | 201.71   |                          | 174.69   |                          |
| Printing & Stationery                      | 160.60   |                          | 129.45   |                          |
| Travel and Conveyance                      | 947.65   |                          | 915.97   |                          |
| Legal and Professional                     | 113.49   |                          | 829.65   |                          |
| Telephone and Fax Expenses                 | 96.59    |                          | 197.91   |                          |
| Security Expenses                          | 171.41   |                          | 153.79   |                          |
| General Charges                            | 1,849.25 |                          | 1,558.86 |                          |
| Director's Fees                            | 34.10    |                          | 27.60    |                          |
| Auditor's Remuneration                     | 49.11    |                          | 23.89    |                          |
| Scientific Research & Development Expenses | 833.57   |                          | 767.82   |                          |
| Loss on Sale of Fixed Assets               | 32.04    |                          | 7.51     |                          |
| Computer Maintenance expenses              | 434.77   |                          | 650.90   |                          |
| Provision for Doubtful Debts               | 1,289.70 |                          | 237.68   |                          |
| Bad Debts written off                      | 156.11   |                          | -        |                          |
| Bad advances written off                   | 464.78   |                          | -        |                          |
| Uninstalled Fixed Assets Discarded         | 696.59   |                          | -        |                          |
|  |          | 9,089.05                 |          | 6,759.94                 |
| <b>Total</b>                               |          | <b>18,972.24</b>         |          | <b>17,351.01</b>         |

**23A: Contingent Liabilities (not provided for)**

(₹ in Lacs)

| Particulars   | For the year Ended<br>31st March 2016 | For the year Ended<br>31st March 2015 |
|---|---------------------------------------|---------------------------------------|
| <b>Claims against The Company not acknowledge as Debts &amp; Commitments:</b> |                                       |                                       |
| <b>i) Claims Against The Company not acknowledge as Debts</b>                 |                                       |                                       |
| a) Excise duty in dispute   | 5,796.42                              | 5,117.20                              |
| b) Income tax in dispute  | 4.23                                  | 372.98                                |
| c) Other  | 798.98                                | 275.80                                |
| <b>ii) Commitments</b>  |                                       |                                       |
| a) Capital Contract   | 795.98                                | 1,096.13                              |
| b) Guarantee Furnished  | 6,990.73                              | 5,568.52                              |

**B: Contingent liabilities provided for**

(₹ in Lacs)

(Information pursuant to AS-29)

| Particulars  | Opening<br>Provision | Provision<br>created<br>during the<br>Year | Closing<br>Provision | Forum Where<br>the Dispute is<br>pending |
|--|----------------------|--|----------------------|--|
| i) Compensation claimed by Welcure Ltd., one of company's erstwhile distributors, on alleged ground of wrongful termination of product manufacturing agreement, which has been contested by the company. | 240.52<br>(240.52)   | -<br>-                                     | 240.52<br>(240.52)   | Arbitrator                               |
| ii) Service Tax on Lawyer's Fees Applicability challenged with unfavorable order from Bombay High Court being stayed by Apex Court against petition of Bar Council                                       | 51.09<br>(34.67)     | 29.32<br>(16.42)                           | 80.41<br>(51.09)     | Supreme Court                            |

a) No provision has been withdrawn during the year.

b) Aforesaid provisions had been made in accounts as a measure of prudence in apprehension of possible outflow of resources in succeeding year.

c) Said provisions against disputed liabilities, form part of provision others in note no. 3(8).

d) Figure in bracket relates to previous year

**24 i) Expenditure in Foreign Currency**

(₹ in Lacs)

| Particulars                      | For the year Ended<br>31st March 2016 | For the year Ended<br>31st March 2015 |
|----------------------------------|---------------------------------------|---------------------------------------|
| Professional & Consultation Fees | 2,326.45                              | 5,918.67                              |
| Salary                           | 5.33                                  | 223.92                                |
| Traveling & Conveyance           | 249.38                                | 221.98                                |
| Advertisement & Commission       | 433.20                                | 629.86                                |
| Administration Charges           | 648.62                                | 165.37                                |
| Interest                         | 317.24                                | 560.48                                |
| Others                           | 257.83                                | 147.90                                |
| <b>Total</b>                     | <b>4,238.05</b>                       | <b>7,868.18</b>                       |

**ii) CIF Value of Imports**

(₹ in Lacs)

| Item   | For the year Ended<br>31st March 2016 | For the year Ended<br>31st March 2015 |
|--|---------------------------------------|---------------------------------------|
| Raw Materials                                | 16,675.33                             | 16,577.27                             |
| Stores & Spares (including packing material) | 3,984.55                              | 1,106.17                              |
| Capital Goods                                | 1,005.03                              | 1,696.92                              |
| <b>Total</b>                                 | <b>21,664.91</b>                      | <b>19,380.36</b>                      |

| iii) Earning in Foreign Exchange: |                                       | (₹ in Lacs)                           |  |
|-----------------------------------|---------------------------------------|---------------------------------------|--|
| Particulars                       | For the Year Ended<br>31st March 2016 | For the Year Ended<br>31st March 2015 |  |
| FOB value of sales                | 31,776.82                             | 28,905.01                             |  |
| Service Income                    | 13,856.26                             | 11,131.25                             |  |
| <b>Total</b>                      | <b>45,633.08</b>                      | <b>40,036.26</b>                      |  |

  

| iv) Auditors Remuneration:                        |                                       | (₹ in Lacs)                           |  |
|---|---------------------------------------|---------------------------------------|--|
| Particulars                                       | For the Year Ended<br>31st March 2016 | For the Year Ended<br>31st March 2015 |  |
| Audit Fee (Inclusive service tax)                 | 28.65                                 | 22.47                                 |  |
| Reimbursement of Expenses (Inclusive service tax) | 7.74                                  | 0.39                                  |  |
| Other Matters                                     | 12.72                                 | 1.03                                  |  |
| <b>Total</b>                                      | <b>49.11</b>                          | <b>23.89</b>                          |  |

  

| v) Particulars of Major Items of Raw Material |                  | (₹ in Lacs)      |                  |                  |
|---|------------------|------------------|------------------|------------------|
| Item  | Purchase         |                  | Consumption      |                  |
|   | Current Year     | Previous Year    | Current Year     | Previous Year    |
| A. Bulk Drug                                  | 15,864.66        | 18,781.51        | 16,416.90        | 19,134.73        |
| B. Others                                     | 5,042.99         | 7,702.36         | 4,310.77         | 8,128.49         |
| <b>Total</b>                                  | <b>20,907.65</b> | <b>26,483.87</b> | <b>20,727.67</b> | <b>27,263.22</b> |

  

| vi) Particulars of Purchase of Stock in Trade |               | (₹ in Lacs)   |  |
|---|---------------|---------------|--|
| Item  | Current Year  | Previous Year |  |
| Injections                                    | 43.04         | 640.85        |  |
| Tablets                                       | 252.19        | 46.04         |  |
| Others  | -             | 209.05        |  |
| <b>Total</b>                                  | <b>295.24</b> | <b>895.94</b> |  |

  

| vii) Breakup of Consumptions                            |                                       | (₹ in Lacs)    |                                       |                |  |
|---|---------------------------------------|----------------|---------------------------------------|----------------|--|
| Item  | For the year ended<br>31st March 2016 |                | For the year ended<br>31st March 2015 |                |  |
|   | Amount                                | %              | Amount                                | %              |  |
| <b>Raw Material</b>                                     |                                       |                |                                       |                |  |
| Imported  | 16,531.78                             | 79.76%         | 17,111.97                             | 62.77%         |  |
| Domestic  | 4,195.89                              | 20.24%         | 10,151.25                             | 37.23%         |  |
| <b>Total</b>  | <b>20,727.67</b>                      | <b>100.00%</b> | <b>27,263.22</b>                      | <b>100.00%</b> |  |
| <b>Packing Material (including Stores &amp; Spares)</b> |                                       |                |                                       |                |  |
| Imported  | 3,656.63                              | 33.71%         | 880.74                                | 23.27%         |  |
| Domestic  | 7,189.72                              | 66.29%         | 2,904.00                              | 76.73%         |  |
| <b>Total</b>  | <b>10,846.34</b>                      | <b>100.00%</b> | <b>3,784.74</b>                       | <b>100.00%</b> |  |

  

| viii) Closing Stock of Work in Progress (break-up) |                  | (₹ in Lacs)      |  |
|--|------------------|------------------|--|
| Item   | Current Year     | Previous Year    |  |
| Formulation  | 2,229.96         | 1,872.87         |  |
| Bulk Drug  | 11,031.43        | 9,893.53         |  |
| <b>Total</b>                                       | <b>13,261.39</b> | <b>11,766.40</b> |  |

  

| ix) Break up of Sales : (Inclusive of Excise Duty) |                  | (₹ in Lacs)      |  |
|--|------------------|------------------|--|
| Item   | Current Year     | Previous Year    |  |
| Injections   | 37,279.70        | 30,862.27        |  |
| Tablets  | 733.88           | 708.76           |  |
| Bulk Drugs   | 3,333.78         | 4,758.94         |  |
| <b>Total</b>                                       | <b>41,347.36</b> | <b>36,329.97</b> |  |
| Less: Sales Return                                 | (1,385.11)       | (87.54)          |  |
| <b>Net Sales</b>                                   | <b>39,962.25</b> | <b>36,242.43</b> |  |

**x) Particulars of Income from Services**

(₹ in Lacs)

| Item                  | Current Year     | Previous Year    |
|-----------------------|------------------|------------------|
| R&D services provided | 13,031.53        | 10,292.72        |
| Other Services        | 957.08           | 973.89           |
| <b>Total</b>          | <b>13,988.61</b> | <b>11,266.61</b> |

**xi) Inventories written down**

|                  |                 |                 |
|------------------|-----------------|-----------------|
| Raw Material     | 120.89          | 19.17           |
| Store & Spare    | 74.19           | 350.27          |
| Work-in-progress | 622.92          | 513.15          |
| Finished goods   | 1,358.70        | 764.91          |
| <b>Total</b>     | <b>2,176.69</b> | <b>1,647.50</b> |

**Xii)** Pursuant to Sec. 135 of the Companies Act 2013, the Company has incurred ₹ 53.78 Lacs (Previous year ₹ 49.83 Lacs) in specified channels as per schedule VII of the Companies Act, 2013 towards its obligation of corporate social responsibility in due cognizance off expenses to be included in aforesaid results under law.

(₹ in Lacs)

| Particulars      | Forming part of Note              | For the year ended<br>31st March 2016 | For the year ended<br>31st March 2015 |
|------------------|-----------------------------------|---------------------------------------|---------------------------------------|
| General Expenses | Establishment expenses Note 3(22) | 53.78                                 | 49.83                                 |
| <b>Total</b>     |                                   | <b>53.78</b>                          | <b>49.83</b>                          |

**25:** Test of impairment of tangible fixed assets conducted for four cash generating units (CGUs) of the company (Kalyani, Baddi unit, Nalagarh unit and R&D section) revealed their recoverable value arrived at on the basis of value in use concept higher than corresponding carrying costs. This ruled out the cause of any further exercise of ascertaining recoverable value on the basis of net selling price method and exigency of impairment provision.

**26: Building constructed on leasehold land included in the value of Building in Fixed Assets Schedule:**

(₹ in Lacs)

| Particulars        | As at<br>31st March 2016 | As at<br>31st March 2015 |
|--------------------|--------------------------|--------------------------|
| Cost               | 5,523.12                 | 4,642.99                 |
| Written down Value | 4,568.15                 | 3,847.60                 |

**27: Foreign Exchange Exposure (Entirely unhedged):**

| Particulars                   | Current Year |                 | Previous Year |                 |
|-------------------------------|--------------|-----------------|---------------|-----------------|
|                               | Currency     | Amount (Milion) | Currency      | Amount (Milion) |
| a) Sundry Creditors (foreign) | GBP          | 0.11            | GBP           | 0.13            |
|                               | USD          | 0.27            | USD           | 1.25            |
|                               | EUR          | 20.73           | EUR           | 10.65           |
|                               | SEK          | 0.45            | SEK           | 6.07            |
| b) Sundry Debtors (foreign)   | USD          | 7.15            | USD           | 7.71            |
|                               | EUR          | 12.11           | EUR           | 7.32            |
| c) Unsecured ECB              | EUR          | 14.70           | EUR           | 14.70           |

**28: Due to Micro & Small enterprises within the meaning of Micro, Small & Medium Enterprises Development Act, 2006 shown under creditors for goods**

The Company identifies suppliers belonging to Micro and Small category under MSMED Act, 2006 on the basis of declaration to the effect made by such parties in their invoices / challans as mandated for them under Statute. Considering absence of such declaration from any of the vendors, due towards such parties have been deemed as ₹ Nil lacs (previous year ₹ 218.38 lacs).



**29: Related party Disclosures:**

Related Party disclosures as required under AS-18 are given below:

a) Name of related party and nature of related party relationship where control exists:

|                          |   |
|--------------------------|---|
| Ultimate Holding Entity  | : Fresenius SE & Co. KGaA   |
| Immediate Holding Entity | : Fresenius Kabi (Singapore) Pte.Ltd.   |
| Other Holding Entities   | : Fresenius Kabi AG, Fresenius Kabi Deutschland GmbH, Fresenius Kabi Austria GmbH   |
| Fellow Subsidiaries      | : Fresenius Kabi Australia GmbH, Fresenius Kabi Brazil Ltda., Fresenius Kabi Chile Ltda., Fresenius Kabi Horatev CZ s.r.o. Fresenius Kabi Ltd. UK, Fresenius Kabi México S.A. de C.V., Fresenius Kabi Wuhan China, Fresenius Kabi Argentina SA, Fresenius Kabi Asia Pacific Ltd., Fresenius Kabi India Private Ltd., Fresenius Netcare GmbH Germany, Fresenius Kabi USA LLC, Fresenius Kabi Malaysia, Fresenius Kabi AB Sweden, Fresenius Kabi Oncology Plc UK, Hygieneplan GmbH Germany, Fresenius Kabi Norge AS, Fresenius Kabi Colombia S.A.S, Fresenius Kabi Portugal Lda., Fresenius Kabi Anti -Infectives, PT Ethica industri Faemasi Fresenius Kabi Ilac Sanayi ve |

b) Other Related Parties in transactions

|                          |  |
|--------------------------|--|
| Key management personnel | : Peter F. Nilsson, Chairman & MD. (Upto 30th June 2015)<br>Mariella Gobbi, Managing Director. (From 1st July 2015)<br>Nikhil Kulshreshtha, Company Secretary & Director<br>Shefali Khaladkar, CFO (upto 31st December 2015)<br>Karsten Lerch, CFO (From 1st Jan 2016) |
| Directors                | : Dilip G.Shah, Rajeev Lochan Jain   |

|   |                                 | (₹ in Lacs)                           |                                       |
|---|---------------------------------|---------------------------------------|---------------------------------------|
| Particulars                               |                                 | For the year ended<br>31st March 2016 | For the year ended<br>31st March 2015 |
| <b>Sale of Goods</b>                      |                                 |                                       |                                       |
| Fresenius Kabi Deutschland GmbH           | Other/ Immediate Holding Entity | 1,372.21                              | 2,163.89                              |
| Fresenius Kabi Oncology Plc UK            | Fellow Subsidiaries             | 13,370.06                             | 9,156.03                              |
| Fresenius Kabi India Private Ltd.         | Fellow Subsidiaries             | 5,918.46                              | 4,560.83                              |
| Fresenius Kabi USA LLC                    | Fellow Subsidiaries             | 5,636.91                              | 5,133.11                              |
| Fresenius Kabi Asia Pacific Ltd           | Fellow Subsidiaries             | 4,835.10                              | 6,037.60                              |
| Other                                     | Fellow Subsidiaries             | 2,910.21                              | 2,434.88                              |
| <b>Total</b>                              |                                 | <b>34,042.95</b>                      | <b>29,486.34</b>                      |
| <b>Service provided</b>                   |                                 |                                       |                                       |
| Fresenius Kabi Deutschland GmbH           | Other/ Immediate Holding Entity | 13,101.77                             | 11,131.25                             |
| PT Ethica Industri Faemasi                | Fellow Subsidiaries             | 371.52                                | -                                     |
| Other                                     | Fellow Subsidiaries             | 515.22                                | 126.93                                |
| <b>Total</b>                              |                                 | <b>13,988.51</b>                      | <b>11,258.18</b>                      |
| <b>Purchase</b>                           |                                 |                                       |                                       |
| Fresenius Kabi India Pvt. Ltd.            | Fellow Subsidiary               | 1.30                                  | 0.18                                  |
| <b>Total</b>                              |                                 | <b>1.30</b>                           | <b>0.18</b>                           |
| <b>Receiving of Services</b>              |                                 |                                       |                                       |
| Fresenius Kabi Deutschland GmbH           | Other/ Immediate Holding Entity | 1,529.11                              | 4,038.05                              |
| Fresenius Kabi Netcare                    | Fellow Subsidiaries             | 267.03                                | 397.23                                |
| Other Fellow Subsidiaries                 |                                 | 65.93                                 | 165.69                                |
| <b>Total</b>                              |                                 | <b>1,862.07</b>                       | <b>4,600.97</b>                       |
| <b>Reimbursement of Expenses Received</b> |                                 |                                       |                                       |
| Fresenius Kabi Deutschland GmbH           | Other/ Immediate Holding Entity | 1.78                                  | 2.34                                  |
| Fresenius Kabi USA LLC                    | Fellow Subsidiaries             | 291.98                                | 122.73                                |
| Fresenius Kabi Brasil Ltda                | Fellow Subsidiaries             | 52.48                                 | -                                     |
| Fresenius Kabi Netcare                    | Fellow Subsidiaries             | 22.82                                 | 59.76                                 |
| Other Fellow Subsidiaries                 |                                 | 29.47                                 | 12.54                                 |
| <b>Total</b>                              |                                 | <b>398.53</b>                         | <b>197.37</b>                         |

| Particulars  | (₹ in Lacs)                           |                                       |                 |
|--|---------------------------------------|---------------------------------------|-----------------|
|  | For the year ended<br>31st March 2016 | For the year ended<br>31st March 2015 |                 |
| <b>Reimbursement of Expenses Paid</b>  |                                       |                                       |                 |
| Fresenius Kabi Deutschland GmbH  | Other/ Immediate Holding Entity       | 135.89                                | 79.23           |
| Other/ Immediate Holding Entity  |                                       | -                                     | 99.37           |
| Fresenius Kabi Oncology Plc UK   | Fellow Subsidiaries                   | 163.07                                | 62.60           |
| Fresenius Kabi Australia   | Fellow Subsidiary                     | 80.35                                 | -               |
| Other  | Fellow Subsidiaries                   | 48.21                                 | 248.03          |
| <b>Total</b>   |                                       | <b>427.52</b>                         | <b>489.23</b>   |
| <b>Remuneration &amp; Meeting Fees</b>   |                                       |                                       |                 |
| Key Management Personnel   |                                       | 483.98                                | 407.30          |
| Director's   |                                       | 32.00                                 | 27.60           |
| <b>Total</b>   |                                       | <b>515.98</b>                         | <b>434.90</b>   |
| <b>Interest Paid</b>   |                                       |                                       |                 |
| Fresenius Kabi AG  | Other/ Immediate Holding Entity       | 65.00                                 | -               |
| Fresenius Kabi (Singapore) Pte.Ltd.  | Other/ Immediate Holding Entity       | 228.28                                | 252.70          |
| <b>Total</b>   |                                       | <b>293.29</b>                         | <b>252.70</b>   |
| <b>Loan Taken</b>  |                                       |                                       |                 |
| Fresenius Kabi AG  | Other/ Immediate Holding Entity       | 6,000.00                              | -               |
| <b>Total</b>   |                                       | <b>6,000.00</b>                       | -               |
| <b>Loan Outstanding</b>  |                                       |                                       |                 |
| Fresenius Kabi AG  | Other/ Immediate Holding Entity       | 6,000.00                              | -               |
| Fresenius Kabi (Singapore) Pte.Ltd.  | Other/ Immediate Holding Entity       | 11,038.23                             | 9,866.64        |
| <b>Total</b>   |                                       | <b>17,038.23</b>                      | <b>9,866.64</b> |
| Account Receivable   |                                       | 10,831.08                             | 6,398.49        |
| Advance from Customers   |                                       | 4,372.76                              | -               |
| Account Payable  |                                       | 10,028.69                             | 6,097.83        |
| Interest Payable   |                                       | 147.21                                | 84.89           |
| Gauranties furnished against bank loan<br>obtained by company for other Holding Entity |                                       | 21,198.57                             | 21,420.94       |

### 30) Employee related Dues: (Information pursuant to AS-15)

#### A) Defined Benefit Plan

##### a) Expenses recognized during the period

(Rs. in Lacs)

| Particulars                                     | Current Year       |                          |          | Previous Year      |                          |         |
|---|--------------------|--------------------------|----------|--------------------|--------------------------|---------|
|   | Gratuity<br>Funded | Leave Salary<br>Unfunded | Total    | Gratuity<br>Funded | Leave Salary<br>Unfunded | Total   |
| I. Current Service Cost                         | 202.97             | 199.45                   | 402.42   | 156.78             | 166.61                   | 323.39  |
| II. Interest Cost                               | 93.10              | 58.23                    | 151.33   | 71.42              | 46.96                    | 118.38  |
| III. Expected Return on Plan Assets             | (58.78)            | -                        | (58.78)  | (51.77)            | -                        | (51.77) |
| IV. Actuarial Loss/ Gain                        | (100.12)           | (194.09)                 | (294.21) | 280.09             | 105.72                   | 385.81  |
| V. Total Expenses recognized<br>during the year | 137.17             | 63.59                    | 200.76   | 456.52             | 319.29                   | 775.81  |

**b) Reconciliation of Opening & Closing balances of obligations**

(₹ in Lacs)

| Particulars                     | Current Year    |                       |          | Previous Year   |                       |          |
|---------------------------------|-----------------|-----------------------|----------|-----------------|-----------------------|----------|
|                                 | Gratuity Funded | Leave Salary Unfunded | Total    | Gratuity Funded | Leave Salary Unfunded | Total    |
| I. Obligation as on 1st April   | 1,241.24        | 795.71                | 2,036.95 | 854.88          | 567.12                | 1,422.00 |
| II. Current service cost        | 202.97          | 199.46                | 402.43   | 156.78          | 166.61                | 323.39   |
| III. Interest cost              | 93.10           | 58.23                 | 151.33   | 71.42           | 46.96                 | 118.38   |
| IV. Actuarial Gain / (Loss)     | (112.35)        | (194.09)              | (306.44) | 280.72          | 105.72                | 386.44   |
| V. Settlement                   | (95.08)         | (98.67)               | (193.75) | (122.56)        | (90.69)               | (213.25) |
| VI. Obligation as on 31st March | 1,329.88        | 760.64                | 2,090.52 | 1,241.24        | 795.72                | 2,036.96 |

**c) Change in Plan Assets**

(₹ in Lacs)

| Particulars                                  | Current Year    |                       |         | Previous Year   |                       |          |
|--|-----------------|-----------------------|---------|-----------------|-----------------------|----------|
|  | Gratuity Funded | Leave Salary Unfunded | Total   | Gratuity Funded | Leave Salary Unfunded | Total    |
| I. Fair Value of Plan Assets as on 1st April | 736.08          | -                     | 736.08  | 704.14          | -                     | 704.14   |
| II. Expected Return on Plan Assets           | 58.78           | -                     | 58.78   | 51.77           | -                     | 51.77    |
| III. Actuarial Gain / (Loss)                 | (12.23)         | -                     | (12.23) | 0.63            | -                     | 0.63     |
| IV. Employer Contribution                    | 6.05            | -                     | 6.05    | 102.10          | -                     | 102.10   |
| V. Settlement                                | (95.08)         | -                     | (95.08) | (122.56)        | -                     | (122.56) |
| VI. Fair Value of Plan as on 31st March      | 693.60          | -                     | 693.60  | 736.08          | -                     | 736.08   |

**d) Obligation vis-à-vis Planned Assets as on 31st March**

(₹ in Lacs)

| Particulars                     | Current Year    |                       |          | Previous Year   |                       |          |
|---------------------------------|-----------------|-----------------------|----------|-----------------|-----------------------|----------|
|                                 | Gratuity Funded | Leave Salary Unfunded | Total    | Gratuity Funded | Leave Salary Unfunded | Total    |
| Obligation as on 31st March     | 1,329.88        | 760.63                | 2,090.51 | 1,241.24        | 795.72                | 2,036.96 |
| Planned assets as on 31st March | 693.60          | -                     | 693.60   | 736.09          | -                     | 736.09   |
| Deficit as on 31st March        | 636.28          | 760.63                | 1,396.91 | 505.15          | 795.72                | 1,300.87 |

**e) Amount recognized in current year and previous four years**

(₹ in Lacs)

| Particulars                                | As at 31st March |          |          |         |        |
|--|------------------|----------|----------|---------|--------|
|  | 2016             | 2015     | 2014     | 2013    | 2012   |
| Defined Benefit Obligation                 | 1,329.89         | 1,241.24 | 854.88   | 834.25  | 689.91 |
| Fair Value of Plant Assets                 | 693.60           | 736.09   | 704.14   | 578.62  | 472.38 |
| Deficit in the Plan                        | 636.28           | 505.15   | 150.74   | 255.63  | 217.63 |
| Actuarial (Gain) / Loss on Plan Obligation | (112.36)         | 280.09   | (196.28) | (53.93) | 190.28 |
| Actuarial Gain / (Loss) on Plan Assets     | (12.23)          | 0.63     | 4.93     | 0.01    | 1.96   |

**f) Investment detail of plan assets as on 31st March 2016**

100% in reimbursement right from insurance company for fund managed by it.

**g) Actuarial Assumptions (Economic):**

|  |                              |
|--|------------------------------|
| Discount rate (%)                              | 7.75%                        |
| Estimated rate of return of benefit obligation | 8.00%                        |
| Salary escalation ratio inflation (%)          | 15.00%                       |
| Method   | Projected unit credit method |

h) The estimates of future salary increase take into account regular increment, promotional increases and inflationary consequence over price index.

i) Demographics assumptions take into account mortality factor as per LIC (1994-96) ultimate criteria, employees' turnover at 13% (previous year 13%), retirement age at 60 years (previous year 60 years).

**B) Defined Contribution Plan: -**

(₹ in Lacs)

Company's contribution to different defined contribution plans: -

| Particulars                   | 2015-16 | 2014-15 |
|-------------------------------|---------|---------|
| Provident Fund                | 283.34  | 236.34  |
| Employees State Insurance     | 7.59    | 23.73   |
| Employees Superannuation Fund | 67.85   | 65.07   |
| Total                         | 358.78  | 325.14  |

**C) Salaries, Wages & Bonus includes bonus of ₹ 247.88 lacs (Previous year ₹ 47.52 lacs)**

**a) Information about Primary Business Segments:** (Rs. in Lacs)

| Particulars   | For the Year Ended 31st March 2016 |                  |                   | For the Year Ended 31st March 2015 |                  |                    |
|---|------------------------------------|------------------|-------------------|------------------------------------|------------------|--------------------|
|   | Formulation                        | Bulk Drug        | R&D               | Formulation                        | Bulk Drug        | R&D                |
| <b>Revenue:</b>   |                                    |                  |                   |                                    |                  |                    |
| External Revenue  | 36,894.44                          | 3,433.41         | 13,157.63         | 31,362.77                          | 4,758.94         | 10,292.72          |
| Inter-segment Revenue   | (22,677.34)                        | 22,677.34        | -                 | (14,762.87)                        | 14,762.87        | -                  |
| <b>Total Revenue</b>  | <b>14,217.10</b>                   | <b>26,110.75</b> | <b>13,157.63</b>  | <b>16,599.90</b>                   | <b>19,521.81</b> | <b>10,292.72</b>   |
| <b>Results:</b>   |                                    |                  |                   |                                    |                  |                    |
| Segment result  | (3,405.12)                         | (1,298.50)       | 2,705.90          | (2,484.74)                         | (2,974.88)       | 1,849.63           |
| Unallocated Corporate Income  |                                    |                  | 2,026.71          |                                    |                  | 798.35             |
| Unallocated Corporate Expenses  |                                    |                  | 7,022.31          |                                    |                  | 8,945.03           |
| <b>Operating Profit</b>   |                                    |                  | <b>(6,993.32)</b> |                                    |                  | <b>(11,756.67)</b> |
| Finance Charges   |                                    |                  | 2,563.34          |                                    |                  | (551.73)           |
| Profit from Ordinary Activities   |                                    |                  | (9,556.66)        |                                    |                  | (11,204.94)        |
| Exceptional (Loss) / Income   |                                    |                  | (1,861.52)        |                                    |                  | (4,220.42)         |
| Profit before Extraordinary Activities  |                                    |                  | (11,418.18)       |                                    |                  | (15,425.36)        |
| Extraordinary (Loss) / Income   |                                    |                  | 1,638.04          |                                    |                  | 0.00               |
| <b>Net Profit</b>   |                                    |                  | <b>(9,780.14)</b> |                                    |                  | <b>(15,425.36)</b> |
| Income Tax (Current & Deferred)   |                                    |                  | (1,551.52)        |                                    |                  | 286.33             |
| <b>Net Profit (After Tax)</b>   |                                    |                  | <b>(8,228.62)</b> |                                    |                  | <b>(15,711.69)</b> |
| <b>Other Information:</b>   |                                    |                  |                   |                                    |                  |                    |
| Segment Assets  | 59,126.77                          | 42,268.54        | 6,428.66          | 54,570.07                          | 44,571.86        | 5,022.12           |
| Unallocated Corporate Assets  |                                    |                  | 6,036.27          |                                    |                  | 7,461.03           |
| <b>Total Assets</b>   |                                    |                  | <b>113,860.25</b> |                                    |                  | <b>111,625.08</b>  |
| Segment Liabilities   | 4,118.00                           | 23,656.00        | 6,214.84          | 4,909.12                           | 21,804.42        | 1,594.71           |
| Corporate Liability   |                                    |                  | 36,027.77         |                                    |                  | 31,097.18          |
| <b>Total Liabilities</b>  |                                    |                  | <b>70,016.62</b>  |                                    |                  | <b>59,405.43</b>   |
| Capital Expenditure   | 758.74                             | 1,516.84         | 1,244.02          | 1,828.94                           | 1,886.60         | 431.42             |
| Unallocated Capital Expenditure   |                                    |                  | 93.82             |                                    |                  | 266.82             |
| Depreciation  | 2,114.60                           | 1,793.82         | 817.45            | 1,786.50                           | 1,305.37         | 1,152.47           |
| Unallocated Depreciation  |                                    |                  | 243.12            |                                    |                  | 316.92             |
| Non cash expenses other than depreciation (amortisation of Intangible assets) | 95.98                              | -                | -                 | 88.29                              | -                | -                  |

**b) Information about Secondary Business Segment (Geographical Segment):**

Sale of Product and service Income ₹ 53,950.86 lacs (previous year ₹ 47,509.05 lacs), ₹ 46,212.81 lacs (Previous year ₹ 41,830.61 lacs) relates to exports and ₹ 7,738.05 lacs (previous year ₹ 5,678.44 lacs) relates to domestic sales.

**32: Information pursuant to AS-19**

(₹ in Lacs)

The total of future minimum lease rent payment under non-cancellable operating lease against residential/office accommodation.

| Particulars  | 2015-16         | 2014-15         |
|--|-----------------|-----------------|
| - Not later than one year                                      | 678.14          | 609.74          |
| - Later than one year and not later than five years            | 337.34          | 1,036.87        |
| - Lease rent recognized in Profit and Loss A/c during the year | 721.60          | 788.60          |
| <b>Total</b>   | <b>1,737.08</b> | <b>2,435.21</b> |

**33: Extraordinary item**

(₹ in Lacs)

| Particulars   | 2015-16         |          | 2014-15         |          |
|---|-----------------|----------|-----------------|----------|
|   | Income          | Expenses | Income          | Expenses |
| a Inventory recognition pertaining to item carried forward from previous year (treated as such in statement of profit & Loss) | 1,638.04        | -        | -               | -        |
| b Additional Depreciation towards impact of change in treatment of depreciation (Forms part of Depreciation Note no 9)        | -               | 405.11   | -               | 922.15   |
| <b>Total Income (Expenses)</b>  | <b>1,232.93</b> |          | <b>(922.15)</b> |          |

**34: Information pursuant to AS-27**

a) The Company has entered into contractual arrangement with a co-venturer for joint cultivation of agro based input, the co-venturer being the operator of the joint venture. The company's share of assets, liabilities, expenses and capital commitment in said joint venture deal accounted for/disclosed in financial statement are indicated below:

(₹ in Lacs)

| Particulars  | As on 31st March 2016 |               | As on 31st March 2015 |               |
|--|-----------------------|---------------|-----------------------|---------------|
|  | No. of Sapling        | Amount        | No. of Sapling        | Amount        |
| 1 Fixed Assets   |                       |               |                       |               |
| a) Plantation - 1 ( Forming part of Fixed Asset in note 3.(9))   |                       | 100.03        |                       | 0.00          |
| b) Furniture & Fixtures plantation ( Forming part of Fixed Asset in note 3.(9))  |                       | 41.49         |                       | 33.64         |
| c) Building ( Forming part of Fixed Asset in note 3.(9))   |                       | 65.26         |                       | 0.00          |
| d) Plant & Machinery ( Forming part of Fixed Asset in note 3.(9))  |                       | 43.53         |                       | 0.00          |
| 2 Capital Work in Progress   |                       |               |                       |               |
| A Plantation in progress (forming part of Fixed Assets in note no. 3.9):   |                       |               |                       |               |
| Phase-1 Plantation (2008-09)   | 0                     | 0.00          | 119,000               | 107.72        |
| Phase-2 Plantation (2010)  | 100,000               | 81.88         | 98,000                | 65.80         |
| Phase-3 Plantation (2011)  | 139,000               | 92.23         | 137,000               | 69.88         |
| Phase-4 Plantation (2012)  | 128,000               | 88.48         | 126,000               | 67.89         |
| Phase-4 Plantation (2013)  | 60,000                | 37.38         | NIL                   | NIL           |
| Sapling in nursery procured in 2013  | 33,000                | 12.27         | 100,000               | 37.20         |
| Cutting  | 155,000               | 22.23         | 155,000               | 37.20         |
| <b>Total</b>   |                       | <b>334.47</b> |                       | <b>385.69</b> |
| B Capital work in progress - Furniture & Fixture pending for installation ( Forming part of Fixed Asset in note 3.(9)) |                       | 0.00          |                       | 65.26         |
| 3 Advance to co-venturer (forming part of Short Term Loan & Advances in note 3.(16))                                   |                       | 31.63         |                       | 38.85         |
| 4 Plantation Inventory   |                       | 26.83         |                       | Nil           |
| 5 Charged to revenue: During the year  |                       |               |                       |               |
| i) Rent (forming part of Other Expenses in note 3.(22))  |                       | 6.00          |                       | 6.00          |
| ii) Fixed Assets Discarded (Sapling Damage)  |                       | 24.92         |                       | 0.00          |
| ii) Depreciation (Forming part of Depreciation in note 3.(9))  |                       | 12.38         |                       | 12.82         |
| iv) Amortization (Forming part of Depreciation in note 3.(9))  |                       | 7.69          |                       | 0.00          |
| 6 Capital Commitment against plantation  |                       | 0.00          |                       | 3,743.00      |

**35: a) Scientific Research & Development expenditure (forming part of other expenses in note no. 3(22)) charged to statement of profit & loss include followings:-** (₹ in Lacs)

| Particulars                             | Forming part of Note                         | For the year ended<br>31st March 2016 | For the year ended<br>31st March 2015 |
|---|--|---------------------------------------|---------------------------------------|
| Consumption of Raw Material & Chemicals | Statement of Profit & Loss Account           | 5,236.09                              | 4,659.94                              |
| Salary                                  | Employee Benefits Note 3(19)                 | 2,864.95                              | 2,600.89                              |
| Financial Expenses                      | Finance Cost Note 3(20)                      | (15.94)                               | 7.69                                  |
| Power & Fuel                            | Manufacturing Expenses Note 3(22)            | 246.92                                | 246.58                                |
| Stores & Spares                         | Manufacturing Expenses Note 3(22)            | 409.79                                | 146.95                                |
| Repair- Plant & Machinery               | Manufacturing Expenses Note 3(22)            | 367.04                                | 1,746.40                              |
| Freight, Postage & Telephone Charges    | selling and Distribution Expenses Note 3(22) | 34.02                                 | 40.67                                 |
| Rates & Taxes                           | Establishment Expenses Note 3(22)            | 412.66                                | 107.70                                |
| Rent                                    | Establishment Expenses Note 3(22)            | 519.65                                | 540.11                                |
| Printing & Stationery                   | Establishment Expenses Note 3(22)            | 18.87                                 | 13.52                                 |
| Travel Expenses                         | Establishment Expenses Note 3(22)            | 232.19                                | 356.20                                |
| General Expenses                        | Establishment Expenses Note 3(22)            | 952.83                                | 2,075.29                              |
| Research & Development                  | Establishment Expenses Note 3(22)            | 673.88                                | -                                     |
| Loss on sale / writren of Fixed Assets  | Establishment Expenses Note 3(22)            | 717.27                                | -                                     |
| <b>Total</b>                            |  | <b>12,670.22</b>                      | <b>12,541.94</b>                      |

**b) Capital Expenditure incurred on account of Scientific Research and Development (forming part of Fixed Asset in note no 3(9))** (₹ in Lacs)

| Particulars              | For the year ended<br>31st March 2016 | For the year ended<br>31st March 2015 |
|--------------------------|---------------------------------------|---------------------------------------|
| Plant & Machinery        | 970.61                                | 294.44                                |
| Computer                 | 90.68                                 | 31.64                                 |
| Vehicle                  | 44.72                                 | 11.29                                 |
| Office Equipment         | 4.26                                  | 24.52                                 |
| Furniture & Fixtures     | -                                     | 2.02                                  |
| Capital Work in Progress | 133.75                                | 67.51                                 |
| <b>Total</b>             | <b>1,244.02</b>                       | <b>431.42</b>                         |

**36: Information Pursuant to AS-20 on Earning per share (EPS)** (₹ in Lacs)

| Particulars  | For the year ended<br>31st March 2016 | For the year ended<br>31st March 2015 |
|--|---------------------------------------|---------------------------------------|
| <b>a) Without Considering of Extra-Ordinary Items:</b>             |                                       |                                       |
| Profit/(Loss) After Tax  | (8,228.57)                            | (15,711.69)                           |
| Add (Less) Extra Ordinary Expenses / (Income) (Ref. Note 3(33))    | (1,232.93)                            | 922.15                                |
| Profit Before Extra Ordinary Items                                 | (9,461.50)                            | (14,789.54)                           |
| Number of Equity Shares (Basic & Diluted) Weighted Average         | 170,247,857                           | 162,871,075                           |
| EPS (Basic and Diluted) Before Considering of Extra Ordinary Items | (5.56)                                | (9.08)                                |
| <b>b) After Considering of Extra-Ordinary Items:</b>               |                                       |                                       |
| Profit/(Loss) After Tax  | (8,228.57)                            | (15,711.69)                           |
| Profit Including Extra-Ordinary Items                              | (8,228.57)                            | (15,711.69)                           |
| Number of Equity Shares (Basic & Diluted) Weighted Average         | 170,247,857                           | 162,871,075                           |
| EPS (Basic and Diluted) After Considering of Extra Ordinary Items  | (4.83)                                | (9.65)                                |



**37: Exceptional item**

| Particulars   | (₹ in Lacs)         |                     |
|---|---------------------|---------------------|
|   | 2015-16<br>Expenses | 2014-15<br>Expenses |
| a) aggregate of cost incurred during the year on account of upgradation of Kalyani unit (consultancy cost including allied expenses towards same) | 1,547.98            | 4,220.42            |
| b) Demurrage paid on the material return  | 313.55              | -                   |
| <b>Total Expenses</b>   | <b>1,861.53</b>     | <b>4,220.42</b>     |

**38: Pursuant to application of component accounting following mandation of foot note '4' of Schedule II of the Companies Act, 2013.**

- a) overaged components as on 1st April 2015 have been reduced to residual value, impact thereof ₹ 223.44 lacs, reduced by deferred tax implication thereon of ₹ 76.00 lacs has been charged to retained deficit under broad head of "Reserve and Surplus" in Balance Sheet. This reduced net worth by ₹ 147.44 lacs.
- b) remaining components have been subjected to depreciation charge at rate which amortize them to residual value during their technically assessed revised life span which added to loss by ₹ 405.11 lacs vis -a- vis previous years relevant accounting practice.

**39: a) All monetary figures are expressed in ₹ Lacs unless stated otherwise.**

- b) Previous year figures have been regrouped / re casted wherever considered necessary to make them comparable with those of the current year.

**FOR FRESENIUS KABI ONCOLOGY LIMITED**
**As per our report of even date attached**
**RAKESH BHARGAVA**  
Chairman

**MARIA GOBBI**  
Managing Director

**KARSTEN LERCH**  
Director & CFO

**NIKHIL KULSHRESHTHA**  
Director & Secretary

**For G.BASU & CO**

Chartered Accountants  
Firm Registration Number: 301174E

Gurgaon  
24<sup>th</sup> May 2016

**S. LAHIRI**

Partner  
Membership No. 51717



# CORPORATE INFORMATION

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CIN: U24231DL2003PLC119441

**Corporate Office:**

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Fax: +91 124 4885003

**Statutory Auditors**

M/s G. Basu & Co. - Chartered Accountants

**Co-Sourcing partners for Internal Audit**

Ernst & Young LLP

**Secretarial Auditor**

M/s Kiran Sharma & Co., Company Secretaries

**Company Secretary**

Mr. Nikhil Kulshreshtha

**Bankers**

IDBI Bank Ltd.  
The HSBC Ltd.  
The Royal Bank of Scotland N. V.  
Deutsche Bank AG  
Credit Agricole Corporate & Investment Bank  
Punjab National Bank  
State Bank of India  
UCO Bank  
Citi Bank NA



**Fresenius Kabi Oncology Limited**

CIN: U24231DL2003PLC19441

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