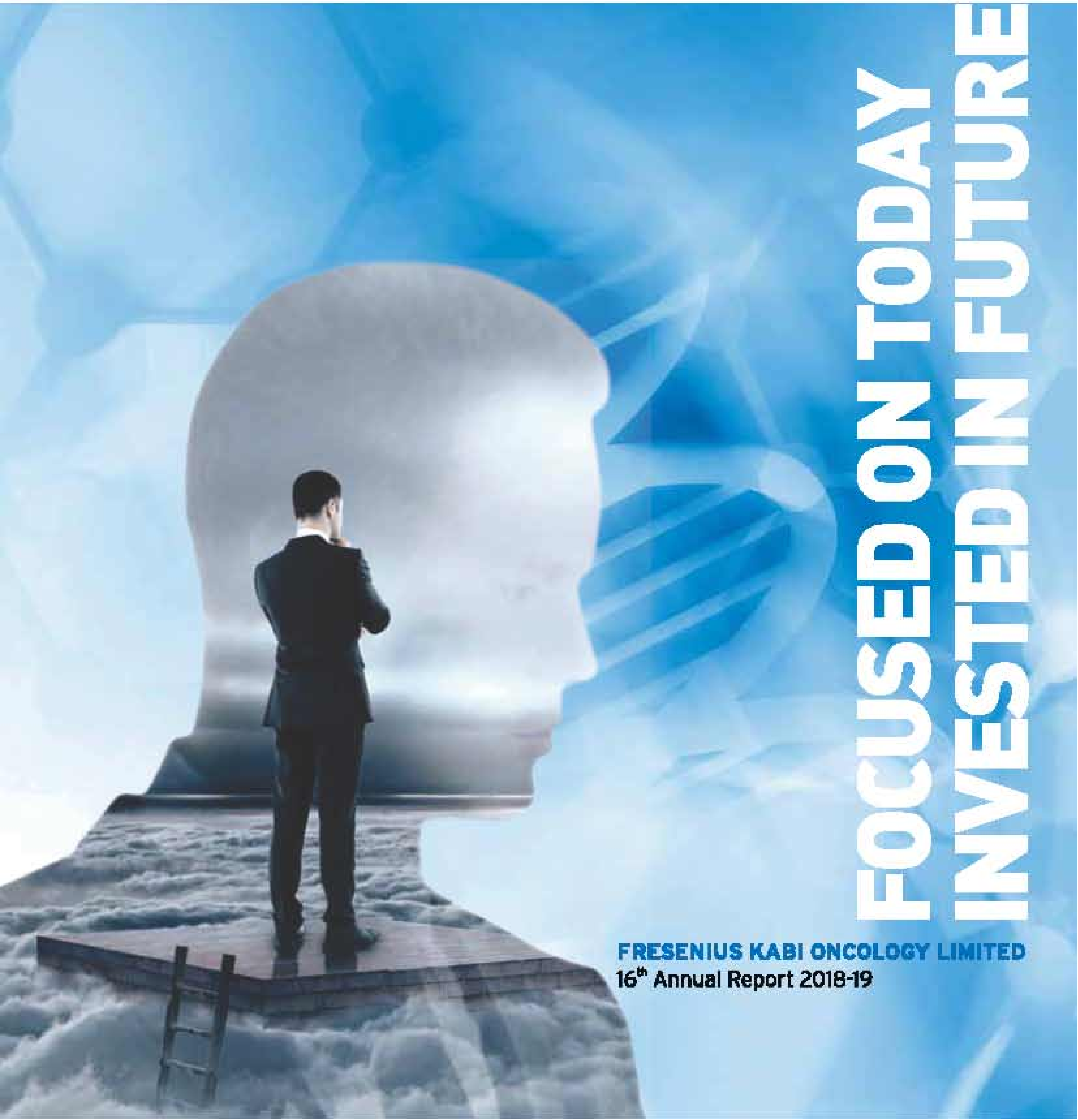
FRESENIUS
KABI



FRESENIUS KABI ONCOLOGY LIMITED

16th Annual Report 2018-19

INSIDE THIS REPORT

CORPORATE OVERVIEW

BOARD'S REPORT AND FINANCIAL STATEMENTS

FOCUSED ON TODAY INVESTED IN FUTURE

We, at Fresenius Kabi Oncology Ltd, have always pursued our vision to build and nurture a sustainably growing business for ourselves and our stakeholders.

Despite the subdued performance in the financial year 2018-19 (FY19), it was an year of remarkable progress on strategic decisions and policies. This has been possible as we feel a strong urge to protect our stakeholders' interest and in turn help augment our business.

The first step towards this build-up was initiating the squeeze out of minority shareholding by reduction of share capital with a view to 100% integrate the company into Global Parent Fresenius group structure. The objective of this manoeuvre to align ourselves was to become more customer centric enabling further investments focus on quality, reduce time to launch products and to increase the pace of development to help our business prosper.

The next objective was to achieve significant progress in improving processes and systems post the USFDA observations, received sometime ago, and complying with necessary observations thereof. On this line, there has been an extremely concerted and determined effort to become fully compliant with USFDA mandates. We had even commissioned transformation experts to study our systems and procedures to ensure that they conformed to the highest governance standards and with that of the parent company's processes. We are optimistic to achieve full compliance in the coming financial year.

These twin objectives had put a strain on our operations in FY19 causing an expected dip in the top and bottom line results. However, we continued to build avenues to our evolution with efforts directed towards plant automation and new product launches.

Undeterred by the substantial hurdles over the past few years, we can confidently say that we have faced them with equanimity, and the actions of FY 19 are evidence to our relentless endeavours to come back stronger.

Truly, FY19 was an eventful year as we took strides towards a glorious future by focusing on today's issues.

Key Highlights FY 2018-19

Plant Upgrade and Modernization

Plant automation & upgrades such as 10-DAB Project, HVAC, QC Lab, water systems and modification of the DL Lab at Kalyani, West Bengal plant

Reduction of Share Capital

Initiated action to reduce the share capital as held by minority shareholders subject to fulfilment of necessary approvals from Statutory and Regulatory Authorities

Consolidation of Operations

Began phase-wise moving of plant operations from Baddi I plant to Baddi II plant at Kishanpura. All the required permissions obtained and upgraded the Baddi II plant.

Technology Focus

Launched new key Molecule in European market for current treatment options for Chronic Lymphocytic Leukaemia. Submitted market approval application to European Medicines Agency for two key oncology molecules for treatment of various solid tumours and blood cancer, expect to launch these products in the near future.

New Product Development Strategy

New product development for diversified product portfolio through backward integration as well as semi integrated approach thus reducing time to launch. Closer to producing new products such as Bortezomib and Paclitaxel solution for Nanoparticle in the Baddi plant and Bendamustine, Alectinib and Sugammdex in the Kalyani Plant. These products completed their validation procedures.

Progress on Compliance

Our Baddi and Kalyani Plants underwent various Compliance Certifications and reviews:

Baddi Plant

- The Medicines and Healthcare products Regulatory Agency (MHRA) certification, valid for a period of three years.
- The Health Canada's close out report valid for a period of three years.
- Russian authority approval certificate valid for a period of three years.
- MFDS-Korea (for Busulfan facility) inspected and issued the close out report.

Kalyani Plant

- Therapeutic Goods Administration (TGA), Australia A2 categorization for our GMP status.
- MFDS-Korea (for Busulfan facility) inspected and issued the close out report.
- Health Canada inspected for Paclitaxel & Docetaxel on behalf of Biolyse Pharma Corporation and issued the close out report.
- COFEPRIS, Mexico inspected for Gemcitabine on behalf of Glenmark Argentina and issued GMP certificate valid for a period of three years.

Subsequent to the various initiatives taken by us to improve our processes and production infrastructure, our Kalyani plant received the following awards:

- Sword of Honour award for Occupational Health & Safety by British Safety Council
- 5 Star Certification for Occupational Health & Safety from British Safety Council
- Certificate of Appreciation by NSCI (National Safety Council of India)
- Sustainability "The Triple Bottomline" Performance Award 2018; by Frost & Sullivan and The Energy and Resources Institute (TERI)
- Greentech Gold Award for Occupational Health & Safety; by the Greentech Foundation

ABOUT US

THE GROUP LINEAGE

Fresenius Kabi Oncology Limited is a subsidiary of Fresenius Kabi AG, Germany, which is a business segment of Fresenius SE & Co. KGaA Healthcare Group. Our Group traces its history to the year 1912. The Fresenius Group comprises four independent business segments Fresenius Medical Care, Fresenius Helios, Fresenius Kabi and Fresenius Vamed, created specifically to concentrate on four major growth businesses in healthcare. Fresenius Medical Care is a leader in the treatment of chronic kidney failure patients. Fresenius Helios is the largest private hospital operator in Europe. Fresenius Kabi serves chronically and critically ill patients by supplying clinical nutrition products, essential drugs and medical devices besides providing necessary services to them. Fresenius Vamed focuses on planning, developing and managing healthcare facilities.

In 2018, The Fresenius Group achieved a turnover of Euro 33.53 billion through its 2, 76,750 employees from over 100 countries. Our lineage is indeed impeccable.

FRESENIUS KABI ONCOLOGY LIMITED, INDIA

Fresenius Kabi Oncology Limited specializes in manufacturing anti-cancer (oncology) drugs to treat chronically and critically ill cancer patients. Being vertically integrated, the pharmaceutical company also engages in research relating to generic oncology drugs. The Company is driven by its mission statement - 'Caring for Life', to provide quality medicines at reasonable price.

OUR PRODUCT PORTFOLIO

In line with our mission statement we produce high quality products and services at our world class manufacturing facilities and offer them at highly competitive prices. We have development and manufacturing expertise and capabilities to produce APIs for the generic industry. We have duly validated in-house analytical and testing capabilities to test all processes right from raw materials to packaging to finished goods so that what we deliver is of the highest quality. We specialize in oncology products and are an important player in the global arena. Our product portfolio comprises Active Pharmaceutical Ingredients (APIs), Intermediaries, Cytostatics, Cytotoxics and Injectibles.

KALYANI PLANT

BADDI PLANT

OUR MANUFACTURING INFRASTRUCTURE

Fresenius Kabi Oncology has set up manufacturing facilities in India as per global standards to produce excellent quality products. Our manufacturing facilities are certified by leading certification agencies of the world in the pharmaceutical industry such as KFDA, COFEPRIS, EDQM, ANVISA, MCC, TGA and MHRA.

MANUFACTURING PLANTS

- **Nalagarh (H.P.) – Formulations Unit**
  Village Kishanpura, Tehsil Nalagarh, District Solan, Himachal Pradesh – 174 101 (India)
- **Kalyani (W.B.) – Active Pharmaceutical Ingredients (APIs) Unit**
  D-35, Industrial Area, Kalyani, District Nadia, West Bengal – 741 235 (India)

OUR VALUES

At Fresenius Kabi Oncology Limited, our values drive us. They act as our guide, our mentor and our catalyst to effectiveness.

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: best therapy and care of patients.

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.

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 and 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 for customer requirements. 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 in improving patient outcomes and to create value for our stakeholders. We set clear goals and work with passion to achieve them.

BOARD OF DIRECTORS

Ms. Maria Gobbi
Non - Executive Chairperson

Chairperson - Corporate Social Responsibility Committee

Member - Stakeholders' Relationship Committee

Mr. Arvind Kumar Sharma
Managing Director

Member - Stakeholders' Relationship Committee

Mr. Nikhil Kulshreshtha
Whole-Time Director & Secretary

Dr. Michael Schönhofen
Non - Executive Director

Chairman - Nomination & Remuneration Committee

Mr. Steffen Georg Roser
Non - Executive Director

Member - Audit Committee

Mr. Karsten Peter Lerch
Non - Executive Director

Mr. Rajiv Lochan Jain
Non - Executive Independent Director

Chairman - Audit Committee,
Member - Nomination & Remuneration Committee,

Member - Corporate Social Responsibility Committee

Mr. Rakesh Bhargava
Non - Executive Director

Chairman - Stakeholders' Relationship Committee,

Member - Corporate Social Responsibility Committee

Dr. Uday Chandrashekhar Shetty
Non - Executive Independent Director

Member - Nomination & Remuneration Committee
Member - Audit Committee

MESSAGE FROM THE CHAIRPERSON

Dear Shareholders,

Greetings from the Board of Directors of Fresenius Kabi Oncology Limited. It is my pleasure to present to you the Company's Annual Report for the financial year 2018-19. It reflects an eventful year in which our employees once again made a great endeavour to drive the success of your Company. Though it was a challenging year, strong efforts were made to meet our business goals, completely in tune with our mission - "Caring for Life".

Globally, the pharmaceutical industry remains promising & encouraging, giving tremendous opportunities to Pharmaceutical Companies and Research organizations. According to a market report, the global cancer therapy market was valued at USD 136,254.35 million in 2018 and is estimated to be valued at USD 220,701.26 million in 2024, witnessing a CAGR of 8.37%.

Certain factors that are driving the market growth include increase in Patient Assistance Programs (PAPs), increasing government initiatives for cancer awareness, rising prevalence of cancer worldwide, and strong R&D initiatives from key players.

Cancer therapy, being a highly competitive market domain, consists of several major players who dominate the market. It is categorically segmented by Therapy Type, Cancer Type, End User, and Geography. With technological advancements and product innovations, small and mid-sized companies are also giving tough competition, increasing their market presence, by introducing new products at cheaper prices.

Cancer is the leading cause of death and the incidence rates are increasing, annually. According to the World Health Organization (WHO), every year more than 6 million new cancer cases are diagnosed in Asia. Due to this, the demand for quality cancer treatment has risen dramatically, contributing to the growth of the oncology market.

Indian drugs are exported to more than 200 countries in the world, with the U.S. as the key market. Generic drugs account for 20 per cent of global exports in terms of volume, making the country the largest provider of generic medicines, globally. This figure is expected to expand even further in the coming years. India's pharmaceutical exports stood at USD 17.28 billion in FY18 and USD 19.14 billion in FY19. In FY18, 31 per cent of these exports from India went to the U.S.

In February 2019, the Indian pharmaceutical market grew by 10 per cent year-on-year. According to a data released by the Department for Promotion of Industry and Internal Trade (DPIIT), the drugs and pharmaceuticals sector attracted cumulative FDI inflows worth USD 15.93 billion between April 2000 and December 2018.

As per sources, the exports of Indian pharmaceutical industry to the U.S. will get a boost, as branded drugs worth USD 55 billion will become off-patent during 2017 to 2019. This will further open numerous avenues to foster the business performance and overall growth across the value chain.

The 'Pharma Vision 2020' by Government of India's Department of Pharmaceuticals which aims to make India a major hub for end-to-end drug discovery, will boost the Indian pharmaceutical sector's growth which will help foster the CAGR by 15 per cent in the near future. The medical device market is also expected to grow to USD 50 billion by 2025.

As one of the key players in the oncology segment, our business is well positioned to address the projected growth trends. We have started to invest in initiatives to increase exports and to develop new export markets for our products to foster export earnings. In the autumn of 2018, the Company has submitted market approval application to the European Medicines Agency for two oncology molecules for the treatment of various solid tumour and blood cancer which are expected to be launched in the coming years.

Our endeavour to find new technological solutions in operations and implementing industry best practices, will lead us to stay committed to fulfilling our business goals. However, the path to get there may look steep with many turns and obstacles than a wide street with unhindered passage.

We are hopeful and look forward to a great year ahead, with a resolve to fullfill our strategic propositions which we believe will steer the growth in the right direction.

With this, I would like to take a moment to once again extend my deep gratitude to all our stakeholders for placing your trust in our promising business, pioneering technologies and a wonderful team. I am confident that with your continued support, we will be able to sail through these turbulent times and carve out another chapter in our long-term success story.

Best regards,

Maria Gobbi

Chairperson

MESSAGE FROM THE MANAGING DIRECTOR

Dear Shareholders,

At the outset, I extend my warm wishes to you.

It gives me immense pleasure to present to you the key highlights of the operational & financial performance of the Company for the financial year 2018-19.

The year that has gone by was not only a challenging one but also a period of progress wherein the commitment, continued trust and support of our employees came to the fore, enabling the Company to deliver a resilient performance despite considerable headwinds faced by the Company.

India is at the cusp of a new era, promising significant growth and opportunity. And we remained truly committed to make significant progress in the business, keeping the interest of the Company's internal & external stakeholders, safeguarded and at utmost priority.

The Company reported a drop of 4.48% in its revenues, from INR 73,437.27 lakh in FY 2017-18 to INR 70,144.97 lakh in FY 2018-19, a decline of INR 3,292.30 lakh. This revenue drop was attributable to loss of sales of finished products in the U.S., coupled with discontinuation of the production of 100 ml vials of Paclitaxel at Baddi plant. The Company posted a loss of INR (5,392.19) lakh for the FY 2018-19, as against net profit of INR 1,958.39 lakh in FY 2017-18. This drop in net profit was on account of implementation of remediation and corrective measures at both Baddi & Kalyani plants involving high remediation cost.

'A smooth sea never made a skilled sailor', likewise these challenging times gave us the opportunity to remain clear and committed to what we believe will help business unleash its full potential in the times to come.

As part of continuous improvement and as a strategic move, we consolidated the operations of Baddi I facility by moving to Baddi II facility with an intent to support the quality operations, surge for future demands and to meet the laid-out improvement plans for the operating units and business at large. We took initiatives to increase exports by way of developing new export markets and products to sustain and improve Company's market position in the generic oncology space.

We took many initiatives in the manufacturing facilities at Kalyani and Baddi, to keep the morale of employees high which included employee engagement activities and rewards & recognition programs. The Company completed the installation of new multi-product facility at the Kalyani plant. Production of several new products was started which included products like Bortezomib and Paclitaxel solution for Nanoparticle at Baddi plant and Bendamustine, Alectinib and Sugammdex at Kalyani Plant.

The efforts of our highly engaged teams brought us a few awards & accolades as well. To mention a few:

- Sword of Honour Award for Occupational Health & Safety by British Safety Council
- 5 Star Certification for Occupational Health & Safety from British Safety Council
- Certificate of Appreciation by NSCI (National Safety Council of India).
- "The Triple Bottomline" Performance Award 2018 under the Sustainability category by Frost & Sullivan and The Energy and Resources Institute (TERI)
- Greentech Gold Award for Occupational Health & Safety by the Greentech Foundation

These recognitions kept fuelling our drive to excel and helped us remain committed to work continuously towards improving the performance, quality and processes.

Company's commitment to Corporate Social Responsibility remained better coordinated and it reflected the global footprint of being a corporate citizen led by value driven culture. We rigorously worked towards creating value for the society by partnering with various educational institutes in states where the Company has its operations. We extended support in terms of infrastructure development, constructing the laboratory, facility upgradation in the laboratories by providing the laboratory equipment, renovating drinking water facilities, sponsoring meals and donating electronic walking sticks & Braille Key Boards for the students of Blind School near Kalyani plant.

Year 2019 is expected to be another challenging and tumultuous year. However, the employees are steadfast to the commitment of sound management of issues and a stable business growth. We will continue to work towards improving the business performance and driving quality of our product lines for sustainable growth.

We look forward to positive improvements resulting from the investments we have made in the new projects like EU Packaging & releases after BREXIT, implementation of remediation & corrective measures for API & final product and 10-DAB Process Automation despite knowing the fact that the financial data depicts a low upward trend. We truly believe that our strategies, long term investments and business plans will lead us to set a positive tone for Company's financial progress.

We are 'focused on today' and are 'investing in future' for a sustainable progress.

I would like to thank all the shareholders, investors, and business partners for their unrelenting support that was perceived as the strong pillar for sustained efforts so far. I would also like to extend my sincere thanks to the management team & the employees for their continued support in this journey.

Best regards,

Arvind Kumar Sharma
Managing Director

A Tribute to a Noble Soul

Late Mr. Dilip G. Shah
Non - Executive Independent Director

The Board of Directors of the Company expresses its deep condolences at the sudden demise of Mr. Dilip G. Shah on February 22, 2019 and places on record its sincere appreciation for the valuable contribution rendered and guidance provided by Mr. Shah during his tenure at the Company.

Mr. Dilip G. Shah served as Non-executive Independent Director and has been associated with the Company for more than a decade. Mr. Shah's demise will be an irreparable loss to the Company and all the directors, employees of the Company convey deep sympathy, sorrow and condolences to his bereaved family.

Mr. Shah, fondly called as 'DG' among the pharmaceutical fraternity, was the strident voice of Indian pharmaceutical industry and one of the senior-most pharmaceutical professionals in the country. He was one among the mantle bearers who spearheaded India's transformation to become one of the top generic drug makers in the world.

It is a great loss to the entire pharmaceutical industry and his contributions in the area of advocacy, strategic planning and knowledge sharing have been invaluable.

It was an honour and pride for us that Mr. Shah was on the Board of our Company for such a long period wherein the Company immensely benefitted by his farsightedness and grip on the Pharmaceutical Industry.

"We all die. The goal isn't to live forever, the goal is to create something that will."

Chuck Palahniuk

CORPORATE INFORMATION

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Bhikaji Cama Place, New Delhi - 110066 (India)
Ph: + 91 11 26105570
Fax: + 91 11 26195965

CORPORATE IDENTIFICATION NUMBER (CIN)
U24231DL2003PLC119441

CORPORATE OFFICE
Echelon Institutional Area
Plot No. 11, Sector 32, Gurugram, Haryana - 122001 (India)
Ph: +91 124 4885000
Fax: +91 124 4885003

WEBSITE
www.fresenius-kabi-oncology.com

STATUTORY AUDITORS
M/s VMT & Co. LLP - Chartered Accountants

CO-SOURCING PARTNER FOR INTERNAL AUDIT
Ernst & Young LLP

SECRETARIAL AUDITOR
M/s Kiran Sharma & Co., Company Secretaries

COMPANY SECRETARY
Mr. Nikhil Kulshreshtha

BANKERS
Citi Bank NA
The HSBC Ltd.
Deutsche Bank AG
IDBI Bank Ltd.
Credit Agricol Corporate & Investment Bank
State Bank of India
Yes Bank
Punjab National Bank

CORPORATE SOCIAL RESPONSIBILITY

Inclusive growth is a doctrine that we are deeply involved in. We believe that discharging our Corporate Social Responsibility (CSR) is the way forward. We give CSR the importance it deserves in corporate governance and therefore CSR is embedded in our DNA of our business operations. We are convinced that taking every stakeholder together with us as we grow is a non-negotiable imperative. While inclusive growth benefits the whole society, it can also lead to stronger business in the future.

We are committed to our CSR activities and pursue a time bound action plan to implement it faithfully. In this effort, we involve the entire company, its systems, processes, its resources, people, and also all stakeholders wherever possible. We are certain that our efforts in this direction will help us to be connected with activities that help save our environment and sensitize the society and its people.

As an Indian subsidiary of the parent company, the strength of our commitment towards the CSR initiatives, is felt all over the world.

Our top management is involved in CSR activities. We have a CSR Committee of the Board of Directors that plans, monitors and controls CSR activities and a CSR Steering Committee that executes the approved CSR activities. We involve all levels of company employees in CSR activities.

Our commitment to CSR can be gauged from the fact that we have earmarked a budget for CSR in FY 18-19 despite incurring net loss in the year under review.

Our CSR key initiatives and the amount spent thereon for FY 18-19 included the following:

₹ 24.32 lakh for Infrastructure Development at Government Senior Secondary School, Kadipur, District Gurugram

₹ 12.84 lakh for Infrastructure Development at Govt. Middle School, Kishanpura

₹ 11.84 lakh for procurement of Lab equipment at Panjab University

₹ 9.77 lakh for Lab Equipment at Kalyani University (KU)

BOARD'S REPORT AND FINANCIAL STATEMENTS

BOARD'S REPORT

Dear Shareholders,

The Board of Directors is pleased to present the report on the Company's business and operations for the financial year ended March 31, 2019.

FINANCIAL PERFORMANCE

Key aspects of Company's financial performance for the financial year ended March 31, 2019 are summarized below:

(₹ in Lakh)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Turnover (including other income)	70,144.97	73,437.27
Profit/(Loss) before Tax and Exceptional Items	4,089.47	5,855.81
Extraordinary Items	10,222.57	4,013.33
Profit/ (Loss) before tax	(6,133.10)	1,842.48
Less: Provision for taxation (i) Current tax expenses (ii) Provision for tax relating to earlier year (iii) Deferred tax charge/ (credit)	 - 59.97 (800.88)	 840.41 - (956.32)
Profit/(Loss) after tax	(5,392.19)	1,958.39
Other comprehensive Income/ (Loss)	194.57	(43.48)
Total comprehensive income/ (Loss) for the year	(5,197.62)	1,914.91
Add: Balance of Profit/ (Loss) & Other comprehensive Income/ (Loss) brought forward from previous year	(27,999.15)	(29,914.06)
Appropriation to: General Reserve Balance carried over to the Balance Sheet	 - (33,196.77)	 - (27,999.15)

DIVIDEND

In view of the losses incurred by the Company, the Board is unable to recommend any dividend for the financial year 2018-19.

BUSINESS PERFORMANCE AND OPERATIONS

The Company has put its best foot forward to overcome obstacles and challenges in the past by implementing industry best practices and integrating technological solutions in operations. Resultant thereof, the best times for the organisation lies ahead and the management is committed to play a catalysts' role for effectuating this change.

Financial snapshots:

- Revenue decreased from ₹ 73,437.27 lakhs in FY 2017-18 to ₹ 70,144.97 lakhs in FY 2018-19, a decline of ₹ 3,292.30 lakhs (4.48%).
- Profit/ (loss) before tax in FY 2018-19 is ₹ (6,133.10) lakhs as compared to ₹ 1,842.48 lakhs in FY 2017-18.
- Driven by investments in implementation of remediation and corrective measures, the Company posted a loss of ₹(5,392.19) lakhs for the FY 2018-19, as against net profit of ₹ 1,958.39 lakhs in FY 2017-18.

GLOBAL & DOMESTIC INDUSTRY OUTLOOK AND TRENDS IN ONCOLOGY

Therapeutics, Clinical Development and Health System Implications

A record 15 new oncology therapeutic drugs were launched in 2018 for 17 indications. Over half of the new therapies are delivered as an oral formulation, have an orphan indication or include a predictive biomarker on their label. Recently introduced therapies are also being used more broadly across varied tumor populations and in earlier lines of therapy. The use of immuno-oncology therapies has doubled in the United States since 2017 and treatment with novel CDK 4/6 inhibitors for HER-2 negative breast cancer has dramatically increased in the United States and Europe.

The pipeline of drugs in late-stage development expanded 19% in 2018 alone and 63% since 2013. Within the pipeline and across all phases of clinical development, the most intense activity is focused on nearly 450 immunotherapies with more than 60 different mechanisms of action. Ninety-eight Next-Generation Biotherapeutics – defined as cell, gene and nucleotide therapies - are also under clinical investigation and leverage 18 different approaches. Despite high levels of pipeline activity, oncology remains one of the most challenging areas for research and development, facing significant risk of failure and long development times.

Spending on all medicines used in the treatment of patients with cancer reached nearly $150 billion in 2018 up 12.9% for the year and marking the fifth consecutive year of double-digit growth, driven entirely by therapeutic drugs which grew 15.9%. The average annual cost of new medicines continues to trend upward, although the median cost dropped by $13,000 in 2018 to $149,000, and cost per product ranged between $90,000 and over $300,000. China led pharmerging markets in spending and growth and grew a remarkable 24% in 2018 to $9 billion in total spending, even as supportive care treatments in China declined by 10%. Over the next five years, growth in therapeutics spending of 11–14% is expected on a CAGR basis, bringing the total market to $200–230 billion.

Indian pharmaceutical sector industry supplies over 50 per cent of global demand for various vaccines, 40 per cent of generic demand in the US and 25 per cent of all medicine in UK. India contributes the second largest share of pharmaceutical and biotech workforce in the world. The pharmaceutical sector in India was valued at US$ 33 billion in 2017. India's domestic pharmaceutical market turnover reached ₹ 129,015 crore (US$ 18.12 billion) in 2018, growing 9.4 per cent year-on-year (in ₹) from ₹ 116,389 crore (US$ 17.87 billion) in 2017. In February 2019, the Indian pharmaceutical market grew by 10 per cent year-on-year.

Indian drugs are exported to more than 200 countries in the world, with the US as the key market. Generic drugs account for 20 per cent of global exports in terms of volume, making the country the largest provider of generic medicines globally and expected to expand even further in coming years. India's pharmaceutical exports stood at US$ 17.28 billion in FY18 and US$ 19.14 billion in FY19. In FY18, 31 percent of these exports from India went to the US.

The 'Pharma Vision 2020' by the government's Department of Pharmaceuticals aims to make India a major hub for end-to-end drug discovery. The sector has received cumulative FDI worth US$ 15.93 billion between April 2000 and December 2018. Under Budget 2019-20, allocation to the Ministry of Health and Family Welfare increased by 3.1 per cent to ₹ 63,298 crore (US$ 9.06 billion). Indian pharmaceutical sector is expected to grow at a CAGR of 15 per cent in the near future and medical device market expected to grow $50 billion by 2025.

KEY UPDATES

Plants

The Company's plants situated at Kalyani, West Bengal and Kishanpura, Himachal Pradesh, were inspected by US-FDA in the year 2017 where in US-FDA officials brought to the attention of the company's management certain observations, related to investigation procedures through warning letter(s).

The Company has already responded to the observations made by US-FDA. Regular monthly updates are submitted about the remedial and corrective measures implemented at both the plants situated at Baddi and Kalyani, addressing the issues raised in the above-stated warning letter.

During the year under review, the management took various initiatives at all the locations with respect to increasing the employee engagement and morale boosting. Multiple training sessions as well as get togethers/ functions were conducted to ensure that employees felt connected and responsible towards their duties to the Company and to the society.

Many initiatives towards upgradation of plant processes were undertaken at the Kalyani plant of the Company during the year under review, which included, inter-alia, HVAC, QC Lab and water system upgradation projects and DL Lab modification project. Also, the Company completed the installation of new multiproduct facility at the plant.

Production of several new products was initiated from the Baddi and Kalyani plants post completion of all validations like Bortezomib and Paclitaxel solution for Nanoparticle in Baddi plant and Bendamustine, Alectinib and Sugammdex in Kalyani Plant.

During the year, the Kalyani plant of the Company was also conferred with following awards and accolades:

- ➢ Sword of Honour award for Occupational Health & Safety by British Safety Council;
- ➢ 5 Star Certification for Occupational Health & Safety from British Safety Council;
- ➢ Certificate of Appreciation; by NSCI (National Safety Council of India);
- ➢ "The Triple Bottomline" Performance Award 2018 under the Sustainability category by Frost & Sullivan and The Energy and Resources Institute (TERI);
- ➢ Greentech Gold Award for Occupational Health & Safety; by the Greentech Foundation.

During the year under review, the Baddi and Kalyani plants of the Company received Compliance Certification from below mentioned authorities:

Baddi Plant:

i. The Medicines and Healthcare Products Regulatory Agency (MHRA) certification valid for a period of three years.

ii. The Health Canada's close out report valid for a period of three years.

iii. Russian authority approval certificate valid for a period of three years.

iv. MFDS-Korea (for Busulfan facility) inspected and issued the close out report.

Kalyani Plant:

i. Therapeutic Goods Administration (TGA), Australia A2 categorization for our GMP status.

ii. MFDS-Korea (for Busulfan facility) inspected and issued the close out report.

iii. Health Canada inspected for Paclitaxel & Docetaxel on behalf of Biolyse Pharma Corporation and issued the close out report.

iv. COFEPRIS, Mexico inspected for Gemcitabine on behalf of Glenmark Argentina and issued GMP certificate valid for a period of three years.

v. COFEPRIS, Mexico inspected for Paclitaxel, Docetaxel, Carboplatin, Bicalutamide & Anastrazole during

November 2018. Observations were made, and response submitted by the Company in December 2018. Now they have requested for additional information and we intend to submit our response shortly.

Consolidation of Baddi-I plant operations in Baddi-II plant

During the year under review, consolidation of operations from the Company's manufacturing unit situated at 19, HPSIDC Industrial Area, Baddi, Distt. Solan, Himachal Pradesh ("Baddi - I") to the Company's manufacturing unit situated at Village Kishanpura, Tehsil Nalagarh, District Solan, Himachal Pradesh ("Baddi II") is in progress in phase-wise manner.

The manufacturing activities including safety stock has been completed at Baddi I. Recordal of Name change from Dabur Pharma Limited to Fresenius Kabi Oncology Limited has been completed by Himachal Pradesh State Industrial Development Corporation (HPSIDC). No Objection Certificate (NOC) has been received from HPSIDC for using Baddi I as Warehouse. Necessary approval for transfer of Manpower from Baddi I to Baddi II has been received. Accordingly, the manpower has been transferred to Baddi II facility. All residual material and necessary assets have also been moved to Baddi II facility. Phase-1 of assets disposal is completed as per target and now Phase-2 of assets disposal is under process.

Reduction of Share Capital:

During the period under review pursuant to the provisions of Section 66 of the Companies Act, 2013 read with the National Company Law Tribunal (Procedure for Reduction of Share Capital) Rules, 2016, Company had approved the reduction of share capital from 17,02,47,857 shares to 16,52,32,882 shares, by extinguishing 50,14,975 shares represented by the public shareholders, by passing the necessary resolutions on October 12, 2018 by the Audit Committee and the Board of Directors respectively.

Thereafter, Company had issued a postal ballot notice seeking approval of the shareholders of the Company for passing of special resolution for the aforesaid Capital reduction of equity shares held by the public shareholders and the said special resolution was passed by the shareholders on November 22, 2018.

Subsequently, an application was filed by the Company with the National Company Law Tribunal ("NCLT"), seeking approval for reduction of share capital held by the public shareholders. As on the date of this report, the application is still under consideration with NCLT.

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. Key strategic elements of this leadership strategy include portfolio extension and management, product differentiation, gaining entry into key institutions, new product development and speedy roll-out-all of this with the focus to provide our customers with safe, convenient and affordable drugs.

'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 within the Company, like Innovation & Development (I&D), Intellectual Property, Medical Affairs, Regulatory Affairs and others.

Experience gained in generic Oncology drug manufacturing & marketing gives us the competitive advantage for some of the core cytotoxics that are used worldwide. While priority focus is always on roll-out of products via complete backward integration, semi-integrated options too are explored. A diverse product portfolio, thereby, can help us cut down the time taken to launch new products and we can leverage the first-mover advantage.

In the autumn 2018, the company has submitted the market approval application to the European Medicines Agency for two key oncology molecules for the treatment of various solid tumor and blood cancer which are expected to be launched in the coming years. Together with all the other potent candidates in our pipeline, we are confident to further strengthen our market position in oncology business in the near future.

In order to further enhance 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. Some of these knowledge platforms include the ESMO conference (European Society of Medical Oncology), the EAHP conference (European Association of Hospital Pharmacists), the ECOP conference (European Society of Oncology Pharmacy) among others.

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 2017-18.

However, as already explained under the heading "Key updates", the Company has, during the year under review, filed an application with the National Company Law Tribunal (NCLT) seeking approval for reduction of share capital from 17,02,47,857 shares to 16,52,32,882 shares, by extinguishing, pursuant to Section 66 of the Companies Act, 2013, 50,14,975 shares represented by the public shareholders. The application is under consideration with NCLT.

BOARD OF DIRECTORS

Cessation

Mr. Dilip G. Shah

Mr. Dilip G. Shah, who occupied the position of Non-executive Independent Director on the Board of Directors of the Company since 2008, passed away on February 22, 2019.

The Board expresses its deep sorrow and grief on the sudden demise of Mr. Shah and places on record its deep appreciation and acknowledgment for his valuable, meaningful and insightful contribution towards guiding the Company, during his association for over a decade with the Company. Basis the recommendations of the Nomination & Remuneration Committee the Board decided to not fill the resultant casual vacancy caused by the demise of Mr. Dilip G. Shah.

Appointments/ Re-appointments

Dr. Uday Chandrashekhar Shetty

Dr. Uday Chandrashekhar Shetty has been appointed as an Additional Director in the category of Non-Executive Independent Director on the Board of Directors of the Company w.e.f. May 10, 2019.

Brief profile of Dr. Uday Chandrashekhar Shetty

Dr. Shetty holds a Ph.D (Tech) from the Mumbai University. He is a Pharmaceutical professional with experience in Quality Management, Product Development, Technology Transfers and Commercial Production. He has supervisory experience in EHS, Engineering, Purchase and Finance. He is quick and innovative thinker with ability to adapt rapidly to dynamic situations and is a consummate team player. Previously he was the Director of a Contract Research Organization, which he co-founded. Prior to that, he has worked in leading pharmaceutical companies like Janssen, Burroughs Wellcome and American Cyanamid. He supervised large teams of Quality Assurance, Quality Control and Product development. As a site head with Janssen, he also supervised General Management Functions like Finance, Purchase, Imports, Engineering, EHS and Project Management. Dr. Shetty has set up, nurtured and grown a number of organizations to deliver superior business results in the field of Quality management, Contract Research and Manufacturing. He is currently the Director of a non-profit organization "GMP EDUCATION" which provides free Education.

Dr. Shetty holds office till the ensuing 16th Annual General Meeting (AGM) of the Company and if his appointment is approved by the shareholders at the said AGM, he will be appointed as a Non-Executive Independent Director of the Company for a period of 5 years, effective May 10, 2019.

Ms. Maria Gobbi

Ms. Maria Gobbi was appointed as the Non-executive Chairperson of the Company w.e.f. July 1, 2018. Further, Ms. Gobbi had communicated her decision to not seek extension of her tenure as Managing Director of the Company, post completion of her term that ended on June 30, 2018. She continues as a Non-executive Chairperson of the Board of Directors of the Company w.e.f. July 1, 2018.

Mr. Arvind Kumar Sharma

Mr. Arvind Kumar Sharma was appointed as the Managing Director of the Company for a period of 3 years, w.e.f. July 1, 2018.

Mr. Nikhil Kulshreshtha

The shareholders of the Company re-appointed Mr. Nikhil Kulshreshtha as the Whole-time Director of the Company, with the designation of Director & Secretary, for another term of 3 years w.e.f. July 1, 2018.

DIRECTORS RETIRING BY ROTATION

Mr. Steffen Georg Roser

In terms of provisions of Section 152 of the Companies Act, 2013, Mr. Steffen Georg Roser, Non-Executive Director of the Company, would retire by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for reappointment.

Mr. Roser was appointed as a Non-executive Director on the Board of the Company w.e.f. August 20, 2015 and his appointment was approved by the shareholders of the Company at their 13th Annual General Meeting held on August 26, 2016. Mr. Roser holds a Master's Degree in Business Administration from the Frankfurt University, Germany. 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. The Board of Directors recommend his re-appointment.

Mr. Rakesh Bhargava

In terms of provisions of Section 152 of the Companies Act, 2013, Mr. Rakesh Bhargava, Non-Executive Director of the Company, would also retire by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

Mr. Bhargava holds a Master's Degree in Business Administration from Indian Institute of Management, Ahmedabad and a Bachelor of Technology (Chemical Engineering) from the Indian Institute of Technology, Kanpur. He has more than three decades of professional experience and approx. two decades of rich experience in the pharmaceutical industry. Mr. Rakesh Bhargava has been associated with the Company since 2008 as a Non-Executive Director. The Board of Directors recommends his re-appointment.

KEY MANAGERIAL PERSONNEL

Apart from the abovementioned, i.e. appointment of Mr. Arvind Kumar Sharma as the Managing Director of the Company w.e.f. July 1, 2018, in place of Ms. Maria Gobbi, Managing Director till June 30, 2018, during the FY 2018-19, there was no change in the Key Managerial Personnel of the Company.

STATUTORY AUDITORS

As per Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the members of the company at their 14th Annual General Meeting held on 21st August, 2017 approved the appointment of M/s VMT & Co. LLP, Chartered Accountants (ICAI Registration No. - N500048), as the Statutory Auditors of the Company for a term of 5 year i.e. from the conclusion of 14th Annual General Meeting till the conclusion of 19th Annual General Meeting of the Company.

The Statutory Auditors of the Company, M/s VMT & Co. LLP, Chartered Accountants confirmed their willingness and eligibility for the financial year 2019-20 and accordingly continue to hold the position of statutory auditors of the Company.

AUDITOR'S REPORT

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

The Report given by M/s VMT & Co. LLP, Chartered Accountants on the financial statements of the Company for the financial year 2018-19 is part of the Annual Report. There has been no qualification, reservation or adverse remark or disclaimer in their report.

During the year under review, the Auditors had not reported any matter under Section 143 (12) of the act, therefore, no detail is required to be disclosed under Section 134 (3) (ca) of the Act.

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 the 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 2018-19 is given below:

Member Director	Category	Status
Mr. Dilip G. Shah[1]	Non-Executive (Independent)	Chairman
Mr. Rajiv Lochan Jain[2]	Non-Executive (Independent)	Member
Mr. Steffen Georg Roser	Non-Executive	Member
Dr. Uday Chandrashekhar Shetty[3]	Non-Executive (Independent)	Member

1. Till February 22, 2019.

2. Appointed as Chairman of the Committee w.e.f. May 10, 2019.

3. Appointed as member of the Committee w.e.f. May 10, 2019.

Consequent to the demise of Mr. Dilip G. Shah, the Committee was re-constituted w.e.f. May 10, 2019. Mr. Rajiv Lochan Jain was appointed as the Chairman of Audit Committee and Dr. Uday Chandrashekhar Shetty was inducted as a member of the Committee.

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 2018-19 is given below:

Member Director	Category	Status
Mr. Rakesh Bhargava	Non-Executive	Chairman
Mr. Dilip G. Shah[1]	Non-Executive (Independent)	Member
Ms. Maria Gobbi	Non-Executive	Member
Mr. Arvind Kumar Sharma[2]	Managing Director	Member

1. Till February 22, 2019.

2. Appointed as member of the Committee w.e.f. May 10, 2019.

Consequent to the demise of Mr. Dilip G. Shah, the Committee was re-constituted w.e.f. May 10, 2019 and Mr. Arvind Kumar Sharma was inducted as a member of the Committee.

The Stakeholders' Relationship Committee is empowered to perform all the functions of the Board in relation to resolving 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 2018-19 is given below:

Member Director	Category	Status
Dr. Michael Schonhofen	Non-Executive	Chairman
Mr. Dilip G. Shah[1]	Non-Executive (Independent)	Member
Mr. Rajiv Lochan Jain	Non-Executive (Independent)	Member
Dr. Uday Chandrashekhar Shetty[2]	Non-Executive (Independent)	Member

1. Till February 22, 2019.

2. Appointed as member of the Committee w.e.f. May 10, 2019.

Consequent to the demise of Mr. Dilip G. Shah, the Committee was re-constituted w.e.f. May 10, 2019 and Dr. Uday Chandrashekhar Shetty was inducted as a member of the Committee.

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 adopted and implemented an amended 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 and is also available on the website of the Company at the link: http://www.fresenius-kabi-oncology.com/userfiles/FKOL-Appointment-Nomination-and-Remuneration-Policy.pdf.

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 2018-19 is given below:

Member Director	Category	Status
Ms. Maria Gobbi	Non-Executive	Chairperson
Mr. Rakesh Bhargava	Non-Executive	Member
Mr. Rajiv Lochan Jain	Non-Executive (Independent)	Member

The content of the CSR policy along with the update of CSR projects undertaken and statement of expenses incurred during the FY 2018-19 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 ("Secretarial Auditors") to undertake the Secretarial Audit of the Company for the financial year 2018-19. The Secretarial Auditors have successfully carried out and completed the Secretarial Audit of the Company for the FY 2018-19.

The Secretarial Audit Report is annexed as **Annexure - III** of this report and it does not contain any qualification, reservation or adverse remark or disclaimer in the report.

COST AUDIT

In terms of the exemption granted under the provisions of the 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 2018-19, 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 have 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 the 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/or Directors of the Company and the status of redressal thereof; and
- Ensure access of the Audit Committee Chairman to the concerned employee/ Director of the Company in exceptional cases.

During the financial year 2018-19, no complaint was received pursuant to the vigil mechanism policy.

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

We have zero tolerance towards sexual harassment and any act of sexual harassment, is dealt with seriously and invites serious disciplinary action. In line with this, the Company has formulated a Prevention of Sexual Harassment Policy. Pursuant to terms of this policy, employees can report instance(s) of sexual harassment at the workplace.

The Company has constituted Internal Complaints Committee (ICC) at its office, which is being headed by a woman, to redress complaint(s) under the act, if any. The process is governed and supported by the Prevention of Sexual Harassment Policy which ensures a free and fair enquiry process.

During the financial year ended March 31, 2019, 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
2015 – 16	Air Force Auditorium, Subroto Park, New Delhi	August 26, 2016	4:00 P.M.
2016 – 17	Air Force Auditorium, Subroto Park, New Delhi	August 21, 2017	4:00 P.M.
2017 – 18	Air Force Auditorium, Subroto Park, New Delhi	August 9, 2018	10:00 A.M.

The Sixteenth Annual General Meeting of the Company shall be held on Thursday, August 29, 2019 at 4:00 P.M. at Airforce Auditorium, Subrorto Park, New Delhi.

The members 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:

For transmission/ name deletion/ dematerialization of shares, payment of dividend and any other query relating to the shares of the Company
Link Intime India Private Limited, Registrar and Share Transfer Agent, Noble Heights, 1st Floor, Plot NH 2, C-1 Block LSC, Near Savitri Market, Janakpuri, New Delhi – 110058 Tel No.: +91 11 41410592/93/94 Fax: +91 11 41410591 Email: delhi@linkintime.co.in Website: www.linkintime.co.in

ADDRESS FOR CORRESPONDENCE:

For queries of Analysts, FIIs, Institutions, Mutual Funds, Banks and Investors assistance
Mr. Nikhil Kulshreshtha, Director & Secretary Fresenius Kabi Oncology Limited, Echelon Institutional Area, Plot No – 11, Sector - 32, Gurugram-122001, Haryana, India, Tel No. +91 124 488 5000 Fax: +91 124 4885101 Email: corporatesecretarial.india@fresenius-kabi.com Website : www.fresenius-kabi-oncology.com

TRANSFER OF UNPAID DIVIDEND TO IEPF (Investor Education and Protection Fund)

In terms of Section 125 of the Companies Act, 2013, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, during the year ended March 31, 2019, there is no fund outstanding and required to be deposited to the Investors Education and Protection Fund (IEPF).

TRANSFER OF ELIGIBLE SHARES TO IEPF

The Company had declared dividend for the years 2003-04, 2004-05 and 2005-06. Unclaimed and unpaid dividend for the said years was transferred to IEPF in the years 2011, 2012 and 2013 respectively. Pursuant to Section 124(6) of the Act, the Company transferred 3,94,060 shares, held vide 3,812 folios/IDs to the IEPF, in respect of which dividend remained unclaimed and unpaid for the aforementioned years.

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; and

(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. The content of the CSR policy along with the update of CSR projects undertaken and statement of expenses incurred during the FY 2018-19 **(Annexure – II),**
3. Secretarial Audit Report for FY 2018-19 **(Annexure – III),**
4. No. of Meetings of the Board of Directors held during the year **(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. Extract of the Annual Return as provided under sub section (3) of Section 92 **(Annexure - IX).**

ACKNOWLEDGEMENT / APPRECIATION

The Directors wish to place on record their appreciation to the Company's customers, vendors, investors and bankers for their continued support during the year. The Directors also thank the employees for the efficient contribution made by them at all levels. Our consistent growth has been made possible by their whole-hearted efforts, solidarity, co-operation and support.

The Directors also thank the Government of India, particularly the Ministry of Corporate Affairs, Department of Pharmaceuticals, the GST 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

Maria Gobbi

Geneva, Switzerland — Chairperson

May 10, 2019 — DIN - 07005222

ANNEXURES FORMING PART OF THE BOARD'S REPORT

ANNEXURE - I

APPOINTMENT, REMUNERATION AND EVALUATION POLICY

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

This Appointment, 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 Act, 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;

vi. the Chief Financial Officer; and

v. such other officer as may be prescribed.

c. "Senior Management Personnel" (SMP):

The expression "Senior Management Personnel" 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 Senior 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 provisions of the Act and rules made 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 the Act 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 Personnel of the Company to the Nomination and Remuneration Committee which makes nominations & recommendations to the Board.

3. Appointment of Directors and KMPs/Senior Management Personnel

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:

<u>Personality, Skills and Knowledge</u>

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

<u>Behaviour & Conduct</u>

- 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 Act, 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/Senior Management Personnel

KMP and Senior Management Personnel 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 Management Personnel 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 Personnel

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 Management Personnel.

The Directors, Key Management Personnel and other Senior Management Personnel's remuneration/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.

The Non-Executive Directors, which term shall mean and include Independent Directors, may be paid/ reimbursed travelling, local transportation, boarding & lodging expenses incurred by each of them for attending meeting(s) of the Board of Directors and/or its Committees. In addition to the above, each of them also be paid sitting fees and/or commission (subject to availability of net profits as may be available pursuant to applicable provisions of the Companies Act, 2013 and rules prescribed thereunder) for attending meeting(s) of the Board of Directors and/or its Committees. Provided that, any Director who is in employment with any Fresenius Kabi (FK) Group Company, shall not be eligible for payment/ reimbursement of such expenses as well as payment of sitting fees and/or commission. However, the quantum of amount of the sitting fees and commission to be paid shall be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors from time to time.

Individual remuneration packages for Directors, KMPs and Senior Management Personnel 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; and
- 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 at 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.

6. Evaluation/Assessment of the Board of Directors, its Committees and individual directors:

The evaluation/assessment of the Board of Directors, its Committees and individual 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:

I. Board of Directors and its Committees:

a) Size, structure and expertise of the Board/ Committees:

The Board and its Committees consist of adequate number of members having relevant expertise to effectively and efficiently lead the company towards its vision, mission and long term objectives.

b) Governance Processes:

The governance processes and procedure for discharging its functions, 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).

c) Board and Committee terms of reference:

The Board and its Committees are governed by comprehensive terms of reference and each governing body discharges its responsibilities as defined therein.

d) Engagement with Management:

How well the board and each of its committees' engage with the management to ensure it is well supported and able to meet the needs of its members.

e) Board/Committee dynamics:

At the heart are the dynamics of the Board and its Committees' inter-se. It is the quality of individual relationships and dialogues that directly influence the quality of decision making and relationships with key stakeholders, including but not limited to effectiveness of the suggestions and recommendations received.

f) Overall effectiveness:

Defining the strategic and operational roadmap for the Company as a whole and guiding individual functions.

II. Individual Directors

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) Frequency of participation:

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

c) Knowledge and expertise:

The Individual Director possesses relevant skills, knowledge and expertise as required to lead and guide the Company towards its vision and long-term goals.

d) Independent judgment:

The Director exercises his/her own judgment and voices opinion freely.

Evaluation on the aforesaid parameters will be conducted by the Independent Directors for each of the Executive/ Non-Independent Directors and Chairman/Chairperson of the Board including that of the Board collectively 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. The NRC will evaluate the Board of Directors individually as well as collectively and the Board of Directors will carry out evaluation of each of the Committees of the Board and Independent Directors.

ANNEXURE – II

ANNUAL REPORT ON CSR ACTIVITIES (FY 2018-19)

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 and development of labs etc. at various schools/university. 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 of people 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 by 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, 2019

Sr. No.	Name (Designation in the Board)	Designation in the Committee
1.	Ms. Maria Gobbi (Chairperson of the Board)	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:

➢ (₹ 37,972 k)

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

➢ N.A. as the Company has incurred losses while calculating average Net Profit/ (Loss)

5. Details of CSR spend during the financial year (as on March 31, 2019):

Total amount to be spent for the financial year	₹ 7,500 k
Amount unspent, if any	₹ 95 k
Manner in which the amount spent during the financial year	Details given below

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.'

MANNER OF CSR EXPENDITURE SPENT DURING FINANCIAL YEAR 2018-19

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 was 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**
				(INR 000)	**Direct (INR "000")**	**Overhead (INR "000")**	**INR "000"**	**INR "000"**		
1	Infrastructure Development at Govt. Sr. Secondary School, Kadipur, Gurugram	Promotion of Education & Health	(1) Local Area (2) Gurugram, Haryana	2,500	2,432	0	0	68	Direct	1. Project implemented within financial year, 2. Objectives achieved by spending less than the budgeted amount.
2	Instructure Development at Govt. Primary School, Kishanpura	Promotion of Education	(1) Local area (2) Baddi	1,200	1,284	0	0	(84)	Direct	1. Project implemented within financial year, 2. Expenditure exceeded the budgeted cost by ₹ 84K. 3. The same was adjusted from the amount available for contingencies at Item no. 12 (₹ 84K).
3	Procurement of Lab equipment at Panjab University	Promotion of Education	(1) Local area (2) Chandigarh	1,184	1,184	0	0	0	Direct	Project implemented within financial year.
4	Seed fund for Start-ups at Panjab University	Promotion of Education	(1) Local Area (2) Chandigarh	200	200	0	0	0	Direct	Project implemented within financial year.
5	Lab Equipments at Kalyani University (KU)	Promotion of Education	(1) Local Area (2) Dist - Nadia, West Bengal	1,065	977	0	0	88	Direct	1. Project implemented within financial year, 2. Objectives achieved by spending less than the budgeted amount. 3. The unspent amount of: INR 21k was adjusted at item no. 6. ₹ 67k was adjusted at item no. 8.
6	Development of Infrastructure at Ghoshpara Saraswati T.E.V. High School	Promotional Education	(1) Local Area (2) Dist - Nadia, West Bengal	550	571	0	0	(21)	Direct	1. Project implemented within financial year, 2. Expenditure exceeded the budgeted cost by ₹ 21K. 3. The same was adjusted from the balance available from project mentioned at Item no. 5 (₹ 21K).

7	Scholarship to 15 meritorious students to motivate them at Ghoshpara Saraswati T.E. V. High School	Promotional Education	(1) Local Area (2) Dist - Nadia, West Bengal	100	97	0	0	3	Direct	1. Project implemented within financial year. 2. The unspent amount of ₹3k was adjusted at item no. 8.
8	Provision of furniture at Kalyani Shikshayatan School	Promotional Education	(1) Local Area (2) Dist - Nadia, West Bengal	180	329	0	0	(149)	Direct	1. Project implemented within financial year, 2. Expenditure exceeded the budgeted cost by ₹ 149K. 3. The same was adjusted from the balance available from project mentioned at Item no. 5 (₹67k), Item No. 7 (₹3k), Item No. 10 (₹13k), Item No. 11 (61k) and Item No. 12 (5K).
9	Meal sponsored to the resident blind students of Paschim Banga Andha Alok Samity (Blind School)	Promotion of Education & Health	(1) Local Area (2) Dist - Nadia, West Bengal	180	180	0	0	0	Direct	1. Project implemented within financial year.
10	Electronic Walking Stick and Braille keypads for computer	Promotion of Education	(1) Local Area (2) Dist - Nadia, West Bengal	100	87	0	0	13	Direct	1. Project implemented within financial year. 2. Objectives achieved by spending less than the budgeted amount. 3. The unspent amount of ₹13k was adjusted at item no. 8.
11	Infrastructure development at Bijay Laxmi Netaji Hindi Vidyalaya	Promotion of Education & Health	(1) Local Area (2) Dist - Nadia, West Bengal	125	64	0	0	61	Direct	1. Project implemented within financial year. 2. The unspent amount of ₹61k was adjusted at item no. 8.
12	Travelling / Contingency			116	0	0	0	27	Direct	1. Amount spent on project mentioned at Item No. 2 (₹84k). 2. Amount spent on project mentioned at Item No. 8 (₹5k).
	TOTAL			**7,500**	**7,405**	**0**	**0**	**95**		

Summary:

1. Total Budgeted expenditure: ₹ 7,500 k

2. Expenditure incurred till March 31, 2019: ₹ 7,405 k

ANNEXURE - III

SECRETARIAL AUDIT REPORT

FORM NO. MR - 3

FOR THE FINANCIAL YEAR FROM 1ST APRIL, 2018 TO 31ST MARCH, 2019

[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(s) 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 the Company's books, documents, minutes 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 from 1st April, 2018 to 31st March, 2019, 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, minutes books, forms and returns filed and other records maintained by the Company for the financial year from 1st April, 2018 to 31st March, 2019, inter-alia, according to the provisions of:

i. The Companies Act, 2013 (the Act) read with the Companies (Amendment) Act, 2017 and the rules made there under;

ii. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

iii. Industries Development and Regulation Act, 1951;

iv. The Depositories Act, 1996 read with the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996.

v. The Income Tax Act, 1961 read with rules;

vi. The Foreign Trade (Development and Regulation) Act, 1992 r/w Foreign Trade Policy & Procedures (EOU);

vii. The Employees Provident Funds and Miscellaneous Provisions Act, 1952 along with the Central Scheme, 1952;

viii. Equal Remuneration Act, 1976;

ix. Factories Act, 1948;

x. Indian Stamp Act, 1999;

xi. Industrial Dispute Act, 1947;

xii. Environment Protection Act, 1986 and other environmental laws read with Bio-Medical Waste Management Rules, 2016 and e-waste (Management and Handling) Rules, 2016;

xiii. Maternity Benefits Act, 1961;

xiv. Minimum Wages Act, 1948;

xv. Payment of Bonus Act, 1965;

xvi. Payment of Wages Act, 1936;

xvii. Contract Labour (Regulation and Abolition) Act, 1970 read with CLRA State Rules;

xviii. Payment of Gratuity Act, 1972 read with Payment of Gratuity State Rules;

xix. Employees State Insurance Act, 1948 read with Employees State Insurance (Central) Rules, 1950; Employees State Insurance (General) Regulations, 1950;

xx. Employee's Compensation Act, 1923 r/w The Workmen's Compensation Rules, 1924 and Workmen's Compensation Returns, 1935;

xxi. The Public Liability Insurance Act, 1991 read with The Public Liability Insurance Rules, 1991;

xxii. Delhi Shops and Establishments Act, 1954 read with Delhi Shops and Establishments Rules, 1954;

xxiii. Punjab Shops and Commercial Establishments Act, 1958 read with Punjab Shops and Commercial Establishments Rules, 1958;

xxiv. The Boilers Act, 1923 and Indian Boiler Regulations, 1950;

xxv. Hazardous Wastes (Management and Handling) Rules 1989 and Amendment Rules, 2016;

xxvi. 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;

c) The Essential Commodities Act, 1955 read with the Drugs (Price Control) Order, 2013;

d) The National Pharmaceuticals Pricing Policy, 2012;

e) Destructive Insects and Pests Act, 1914 read with the Plant Quarantine (Regulation of Import into India) Order, 2003;

xxvii. Food Safety and Standards Act, 2006 read with rules made there under;

xxviii. The Electricity Act, 2003 read with Rules and Regulations;

xxix. Motor Vehicles Act, 1988 read with rules made there under;

xxx. Legal Metrology Act, 2009, read with applicable rules made there under;

xxxi. Explosives Act, 1884 read with Gas Cylinder Rules, 2016;

xxxii. The Petroleum Act, 1934 read with Petroleum Rules, 1976;

xxxiii. Atomic Energy Act, 1962 read with Atomic Energy (Radiation Protection) Rules, 2004;

xxxiv. Indian Forest Act, 1927;

xxxv. The Information Technology Act, 2000 read with applicable rules made there under;

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

xxxvii. The Central Goods and Services Tax Act, 2017 and the Integrated Goods and Services Tax Act, 2017 read with:

a. Central Goods and Services Tax (CGST) Rules, 2017

b. Himachal Pradesh Goods and Services Tax Act, 2017 and the Himachal Pradesh Goods and Services Tax Rules, 2017

c. West Bengal Goods and Services Tax Act, 2017 and the West Bengal Goods and Services Tax Rules, 2017

d. Haryana Goods and Services Tax Act, 2017 and the Haryana Goods and Services Tax Rules, 2017

e. Delhi Goods and Services Tax Act, 2017 and the Delhi Goods and Services Tax Rules, 2017

f. Arunachal Pradesh Goods and Services Tax Act, 2017 and the Arunachal Pradesh Goods and Services Tax Rules, 2017

I have also examined compliance with the applicable clauses of Secretarial Standards with regard to the meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India (ICSI).

During the year under review the Company has complied with the 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.

However, during the period under review Mr. Dilip G. Shah, Non-Executive Independent Director of the Company passed away on February 22, 2019. Consequent to his sad demise, the Company completed the requisite compliance formalities, as prescribed under the provisions of the Act. The Company has initiated necessary steps to fill the vacancy within the stipulated time period prescribed under the law.

The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

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

I further report that:

During the period under review the company has initiated necessary steps to reduce its paid-up share capital under Section 66 of the Act read with rules made thereunder and National Company Law Tribunal (Procedure for reduction of share capital of Company) Rules, 2016.

Pursuant to prescribed procedure, the matter is under hearing with NCLT, New Delhi Bench.

I further report that during the audit period:

There were no instances of:

a. Public/ Right/ Preferential Issue of shares/debentures/ sweat equity, etc.

b. Redemption/buyback of securities.

c. Major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013.

d. Merger/amalgamation/reconstruction etc.

e. Foreign technical collaborations.

Kiran Sharma & CO.
Company Secretaries

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

Place: New Delhi
Date: 19.04.2019

ANNEXURE -IV

MEETINGS OF THE BOARD OF DIRECTORS:

The Board of Directors of the Company met five times during FY 2018-19, the details are as below:

a)	Quarter 1 (FY 2018-19) :	June 5, 2018
b)	Quarter 2 (FY 2018-19):	August 9, 2018
c)	Special Board Meeting:	October 12, 2018
d)	Quarter 3 (FY 2018-19):	November 21, 2018
e)	Quarter 4 (FY 2018-19):	February 15, 2019

ANNEXURE - V

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

Both the Independent Directors i.e. Late Mr. Dilip G. Shah and Mr. Rajiv Lochan Jain had provided their respective declaration of independence at the beginning of financial year 2018-19 to the Company. Same was taken on record by the Board during its first meeting of FY 2018-19, held on June 5, 2018.

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;

Corporate Office & I&DC, Gurugram

- Timely switching of AHUs and lightings of all labs & seating areas.
- Utilization of treated effluent water for gardening.
- Utilization of treated effluent water of STP in flushing system.
- Outer & Utility area normal lights partially replaced with LED including Sohna warehouse.
- Maintained average room temperature between 24^{0}c and 26^{0}c in summer months.
- Switched off two passenger elevator and one service elevator after 7.00 pm.

Kalyani Plant

- Replacement of conventional Fluoroscent lamp 72 watt to 36 watt LED in Quality Control Laboratory and Engineering office. Qty: 150 Nos. (tentative saving 41472 KW/year resulting in saving of ₹ 3.11 Lacs per annum)
- Optimization of Chilled water & Chilled brine distribution pumps running by replacement of appropriate capacity pumps.

  Earlier Qty: 08 nos 11 KW pump (All running no standby was available).

  Replaced Qty: 04 nos 30 KW pump (02 running 02 standby). (tentative saving 215040 KW/year resulting in saving of ₹ 16.12 Lacs per annum)
- Enhanced the Coefficient of performance (COP) of Cooling Tower by maintaining the water parameters and cleaning of frills.
- Chilled water and Hot water control in Air Handling units in auto mode.
- Augmentation of energy efficient pump in boiler. Qty: 2 nos. Old pump 7.5 Kw. New Pump: 4 Kw. (tentative saving 53760 KW/year resulting in saving of ₹ 4.03 Lacs per annum)
- Replacement of conventional pump to energy efficient pump in hot water application in central utility. Existing capacity: 7.5 Kw. New Pump capacity: 3.7 Kw. (tentative saving 29184 KW/year resulting in saving of ₹ 2.18 Lacs per annum)

- ➢ VFD incorporation in process reactor in UNIT-4 for energy saving & optimize the process requirement. Motor Capacity: 7.5 KW
- ➢ Local APFC panel installed in New utility block to reduce peak load. This helps to reduce maximum demand as well as compensate the rebate from electricity board by improving power factor. (tentative saving 64000 KW/year resulting in saving of ₹ 4.80 Lacs per annum)

Baddi Plant, Kishapura

- ➢ As part of the technology improvement, reciprocating Air Compressors replaced with Atlas Copco screw air Compressors.
- ➢ Reduction in Energy consumption by Introduction of Electronic control blowers in B Grade AHU's of line-2.
- ➢ Power saving by energy efficient pumps, replacing 55 KW chilled water pump & motor by 45 KW Grundfos make, chilled water pump & motor at Utility block.
- ➢ Energy saving by replacing of existing condenser water pump with low KW Grundfos pumps at Utility Block.
- ➢ Energy saving by introduction of new separate chillers for QC Block.
- ➢ Reduction in Energy consumption by Introduction of EC blowers in C Grade AHU's of line -2

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

- ➢ Concept for usage of Solar power 200 KW Power (Kilo Watt Power) is proposed to be implemented.
- ➢ Liquid petroleum gas as a fuel substitute in Steam Generator (Boiler) present fuel is Furnace Oil; to be implemented by September 2019.
- ➢ Chilled brine use optimisation by implementing pneumatic control valve at the distribution line of various plants to avoid heat load through long common pipe line circulation as well as reducing chances of mixing of brine with chilled water due to miss operation. Resulting specific gravity issue, high methanol consumption as well as chiller running hour increase.

c. **The capital investment on energy conservation equipment:**

Approx. ₹ 30 Lakh incurred at Kalyani Plant; and

Approx. ₹ 50 Lakh incurred at Kishanpura Plant.

(B) TECHNOLOGY ABSORPTION

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

Kalyani Plant

- Successfully completion of qualification and validation of 10 DAB process automation (phase-1) project. In this project automation is done for centralized operations of 4 units (2 wiped film evaporator, one distillation column & one falling film evaporator).
- Lyophilization technology - Successfully completion of Lyo installation, qualification and batch execution.

Baddi Plant

- New Lyophilized vial sealing machine with O-RAB commissioned & started in use for the lyophilized product at Line-II.
- New product Bortezomib for injection 2.5mg/vial transferred from I&D to Baddi successfully.
- Pop up rubber stopper camera detection system installed in both Line filling machine & started in use as per MHRA requirement.
- Automatic Glove Integrity tester installed in Grade B area for cRAB glove leak test with 21CFR compliance.

I&DC, Gurugram

- Extension of alliance business to cover additional products/ markets.
- Submissions of regulatory dossiers in different countries worldwide.
- Product internationalization.
- Replacement of finished product manufacturing site i.e., Fresenius Kabi Oncology Ltd., Baddi to Fresenius Kabi LLC, Melrose Park.
- BREXIT (Britain Exit from the European Union): Due to BREXIT, the new batch testing site and the batch release site located in the European Union have been added to all our products in Europe.

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

- 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 - dosage forms

Markets	New Filings	New Approvals
US	4	1
EU	3	0
Emerging countries including Canada	11	13

- Internationalization of the product in different countries will expand the overseas business and improve global competitiveness.
- Regulatory activity has been initiated to transfer the products from Fresenius Kabi Oncology Ltd., Baddi to Fresenius Kabi LLC, Melrose Park for the approved as well as submitted products. This would help in smooth transition of business activities for US market.
- BREXIT: The steps taken so far will make us to be in compliance with EU legislation after the Brexit date and would ensure the continuous supply of the medicines in the European Union.

Kalyani Plant

- Centralized operations are done, manual operations needed from multiple floors for each unit are avoided.
- Manual intervention is limited.
- Consistent & repeatable performance is established.
- All reports & data logging are generated by system for these 4 units. System is 21 CFR Part 11 compliant.
- Solvent losses from vents are minimized on account of utility failures as system stops distillation in such cases.
- Data logging will further help in identifying improvement opportunities in system.
- Lyo – freeze drying technology executed and altogether new concept with bulk API freeze drying products can be accommodated.

Baddi Plant

- RTU number of Batches increased at Line-II, Due to Commissioning & in use of new lyophilized vial sealing machine at Line-II.
- Regulatory Compliance level increased by using automatic glove integrity testing machine.
- MHRA compliance & detectability of pop up rubber stopper check increased in existing filling machine at Baddi-2 in order to increase the product quality.
- New product transfer will increase the market demand & volume for commercialization in future after regulatory approval.

Markets	New Filings	New Approvals
EU	03	0
Emerging countries*	1	0

*Baddi 1 to Baddi 2 transfer - 12 products are filed, and we are getting approvals continuously.

3. Imported technology

Kalyani Plant

Following are the details of technology imported during the last 3 years, reckoned from the beginning of the financial year:

a) Technology Imported: Lyophilizer

b) Year of import: 2018-19

c) Has technology been fully absorbed: Yes

d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action: Not Applicable

Baddi Plant

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: Glove Integrity Tester, Serialization

b) Year of import: 2018-19

c) Has technology been fully absorbed: Yes, Under Implementation (Serialization)

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 Lakhs)
a.	Capital	1,494.77
b.	Recurring	11,973.04
c.	Total	13,467.81
d.	Total R&D as a percentage of total turnover	19.20%

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

Total foreign exchange used and earned:

Amount (₹ in Lakhs)

- Foreign Exchange Earnings: 55,878.04
- Foreign Exchange Outgo : 29,012.91

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

The Company values the importance of identification, management and moderation of risks associated with business and product portfolio. Risk management is an inherent part of business and is synonymous to growth. Thus, the Company continuously strives to foster a high awareness of business risks, manage and monitor it through effective internal control mechanism, thereby promoting a culture of transparency in its operations. Adhering to the resolution for effectively managing its risks, the company has implemented a Risk Management Framework ("RMF") governed by a standard operating procedure that is developed and put in place.

The Company's audit committee has overall responsibility for the establishment and oversight of Company's RMF. As per RMF, Company has laid down an organization structure for identifying, prioritizing and mitigating the risks. The Board of Directors have designated the Chief Financial Officer as the "Risk Officer" of the Company.

Such risk management policies and systems are reviewed regularly to reflect changes in market condition and the Company's activities. The Company through its training and management standards and procedures aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company is committed to its pledge of managing the operational, financial and other business risks while ensuring that business, social and commercial objectives are also met. The Company has thus, during the FY 2018-19, implemented a Business Partner Due-Diligence (BPDD) mechanism to assess, identify, measure and monitor risk(s) that may arise from association with a business partner.

As of now, the Company does not foresee any potential risks which may threaten the existence of the Company.

ANNEXURE - VIII

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

Internal Control Systems and Risk Management

Risk-taking is an inherent trait of any enterprise. It is essential for growth or creation of value in a Company. At the same time, it is important that the risks are properly managed and controlled, so that the Company can achieve its objectives effectively and efficiently.

Internal Financial Control Framework

Provisions of the Companies Act, 2013 require a company to lay down Internal Financial Controls (IFC) and to ensure that these are adequate and operating effectively. Internal financial controls, here, means the procedures adopted by the Company 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.

The above requirement has the following elements:

1. Orderly and efficient conduct of business;
2. Safeguarding of assets;
3. Adherence to Company's policies;
4. Prevention and detection of frauds & errors; and
5. Accuracy and completeness of the accounting records and timely preparation of reliable financial information.

The internal financial controls system is in place for the Company and incorporates all the five elements as mentioned above. In addition, the Company has a transparent framework for periodic evaluation of the internal financial controls in the form of internal audit exercise carried throughout the year, thereby reinforcing the commitment to adopt effective corporate governance practices.

Policy and procedure adopted by the Company to adhere to IFC elements is given below:

Orderly and Efficient Conduct of Business

The Company has a well laid down organisational structure which defines the authority-responsibility relationship. The Company has a formal financial planning and budgeting system in place encompassing short term as well as long term planning. In order to ensure that decisions are made and action is taken at an appropriate level, the Board of Directors of the Company has formulated the Delegation of Authority matrix which has been designed to ensure that there is judicious balance of authority and responsibility. The adherence to Delegation of Authority matrix is part of internal audit plan. The Company has also designed and implemented key checks, controls and review procedures for important financial, legal and administrative processes, so as to ensure transparent governance of business procedures.

Safeguarding of its Assets

The Company has taken an all industrial risk policy for all of its plants as well as corporate office to safeguard its assets. The Company also carries out a physical verification of its assets.

Adherence to the Company's Policies

The Company has two tier policies and procedures viz. Entity Level Controls and Process Level Controls. The entity level controls include a comprehensive Code of Conduct and Code of Ethics. The Company also has a Whistle Blower Policy in place and any employee of the Company can directly write to the Nodal Officer designated under the Whistle Blower Policy. The Company also has process level controls which cover a wide range of key operating financial and compliance related areas like Accounting, Order to Cash, Procurement to Payment, Inventory and Production, Payroll, Treasury, Forex, Fixed Assets, Direct and Indirect Tax, R&D etc.

Prevention and Detection of Frauds and Errors

Due to the presence of Code of Ethics and Whistle Blower Policy, it is generally expected that serious frauds will not take place. In order to prevent and detect frauds and errors, perpetual internal audit activity is carried out with assistance of co-sourced internal audit partners. Action points and suggestions made by them are discussed and presented to the Audit Committee.

Subsequently, follow-up audits are also carried out by in-house internal audit team to ensure implementation of the suggestions.

Accuracy and Completeness of the Accounting Records and Timely Preparation of Reliable Financial Information

The Company has a documented and updated Accounting Manual based on the existing Indian Generally Accepted accounting Principles. The Accounting Manual contains detailed guidelines on all aspects of accounting applicable to the Company and has been prepared in line with all applicable accounting standards, guidance notes and expert opinions. This helps in ensuring that the accounts and finance team is well updated on the applicable accounting requirements. The financial information is verified by the statutory auditors as per the requirements of Companies Act, 2013.

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 material weaknesses in the design or operations were observed.

As part of Statutory Auditors' Report for financial year 2018-19, 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 control system was operating effectively as on March 31, 2019.

ANNEXURE-IX

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2019

[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	:	March 18, 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 Email: corporatesecretarial.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 Noble Heights, 1st Floor, Plot NH2, C-1 Block, LSC, Near Savitri Market, Janakpuri, New Delhi – 110058 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:

Sl. No.	Name and Description of main Products / Services	NIC Code of the Product/ Service	% to total turnover of the Company
1	Paclitaxel - inj	21002	15.13%
2	Carboplatin - inj	21002	13.26%
3	API Oncology	21002	10.67%
4	R&D Services	72100	22.56%

iii. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. 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	
(A)	**Promoter's**									
[1]	**Indian**									
(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
	Sub-Total (A)[1]	**0**	**0**	**0**	**0.0000**	**0**	**0**	**0**	**0.0000**	**0.0000**
[2]	**Foreign**									
(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
	Sub-Total (A)[2]	**165232882**	**0**	**165232882**	**97.0543**	**165232882**	**0**	**165232882**	**97.0543**	**0.0000**
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	**165232882**	**0**	**165232882**	**97.0543**	**165232882**	**0**	**165232882**	**97.0543**	**0.0000**
(B)	**Public Shareholding**									
[1]	**Institutions**									
(a)	Mutual Funds/UTI	500	1000	1500	0.0009	500	0	500	0.0003	-0.0006
(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)	FIIs	3050	500	3550	0.0021	3050	0	3050	0.0018	-0.0003
(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
	Sub-total (B)(1)	**4400**	**1500**	**5900**	**0.0035**	**4400**	**00**	**4400**	**0.0026**	**-0.0009**

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	
[2]	**Non-Institutions**									
(a)	a) Bodies Corporate									
	i) Indian	87614	35763	123377	0.0725	77089	27263	104352	0.0613	-0.0112
	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	3311436	879886	4191322	2.4619	3364220	883789	4248009	2.4952	+0.0333
	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	725	100	825	0.0005	1225	100	1325	0.0008	+0.0003
	ii) NRI	245183	212007	457190	0.2685	249533	170995	420528	0.2470	-0.0215
	iii) Fresenius Kabi Oncology Limited - Unclaimed Suspense Account	236361	0	236361	0.1388	236361	0	236361	0.1388	0.0000
	Sub-total (B)(2)	**3881319**	**1127756**	**5009075**	**2.9422**	**3928428**	**1082147**	**5010575**	**2.9431**	**+0.0009**
	Total Public Shareholding (B) = (B)(1) + (B)(2)	**3885719**	**1129256**	**5014975**	**2.9457**	**3932828**	**1082147**	**5014975**	**2.9457**	**0.0000**
	TOTAL (A) + (B)	**169118601**	**1129256**	**170247857**	**100.0000**	**169165710**	**1082147**	**170247857**	**100.0000**	**0.0000**
(C)	**Shares held by Custodians for GDRs & ADRs**	**0**	**0**	**0**	**0.0000**	**0**	**0**	**0**	**0.0000**	**0.0000**
	GRAND TOTAL (A)+(B)+(C)	**169118601**	**1129256**	**170247857**	**100.0000**	**169165710**	**1082147**	**170247857**	**100.0000**	**0.0000**

ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of 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	% change in shareholding during the year
1	Fresenius Kabi (Singapore) Pte. Ltd.	165232882	97.0543	0	165232882	97.0543	0	0.0000
	Total	**165232882**	**97.0543**	**0**	**165232882**	**97.0543**	**0**	**0.0000**

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	
	Share holding status	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 during the year			
2.	At the End of the year	No change in promoters shareholding during the year			

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	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Haresh Tikam Tharani	50000	0.0294	50000	0.0294
2	Ajay Kumar	26885	0.0158	34885	0.0205
3	Shailendra Tyagi	16500	0.0097	16500	0.0097
4	Susheela Basant Sundesha	14000	0.0082	14000	0.0082
5	Anand G. Pai	12500	0.0073	12500	0.0073
6	Rukmani International Pvt. Ltd.	11987	0.0070	11987	0.0070
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	Sharekhan BNP Paribas Fiancial Services Pvt. Ltd.	10000	0.0059	0	0
11	Naresh Dawanchand Kapoor	8500	0.0050	8500	0.0050

iv) 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 Lakh)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	2.91	47,444.19	Nil	47,447.10
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	0.94	510.63	Nil	511.57
Total (i+ii+iii)	**3.85**	**47,954.82**	**Nil**	**47,958.67**
Change in Indebtedness during the financial year · Addition · Reduction	 17.67 Nil	 Nil (1,109.62)	 Nil Nil	 17.67 (1,109.62)
Net Change	**17.67**	**(1,109.62)**	**Nil**	**(1,091.95)**
Indebtedness at the end of the financial year				
i) Principal Amount	20.46	46,288.52	Nil	46,308.98
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	1.06	556.68	Nil	557.74
Total (i+ii+iii)	**21.52**	**46,845.20**	**Nil**	**46,866.72**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Amount (₹ in Lakh)

Sl. No.	Particulars of Remuneration	Name of MD / WTD / Manager			Total Amount
		Ms. Maria Gobbi, Managing Director (April 1, 2018 to June 30, 2018)	Mr. Arvind Kumar Sharma, Managing Director (July 1, 2018 to March 31, 2019)	Mr. Nikhil Kulshreshtha, Director & Secretary	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) of the Income- tax Act, 1961	 7.06 Nil Nil	 78.49 0.30 Nil	 138.89 0.40 Nil	 224.44 0.70 Nil
2.	Stock Option	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil
4.	Commission - as % of profit - others, specify...	 Nil Nil	 Nil Nil	 Nil Nil	 Nil Nil
5.	Others, please specify – Special Ex-gratia	Nil	Nil	52.19	52.19
	Total (A)	**7.06**	**78.79**	**191.48**	**277.33**
	Ceiling as per the Act	Not applicable for FY 2018-19. Please refer to the notes mentioned below.			

Notes:

1. Considering the inadequate profits for payment of remuneration to Managing Director and Whole-time Director(s) of the Company, the same was made in terms of provisions contained under Schedule V of the Companies Act, 2013.

B. Remuneration to other directors:

Amount (₹ in Lakh)

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Mr. Dilip G. Shah	Mr. Rajiv Lochan Jain	
1.	Independent Directors · Fee for attending board & committee meetings · Commission · Others, please specify	 16.00 Nil Nil	 13.00 Nil Nil	 29.00 Nil Nil
	Total (1)	**16.00**	**13.00**	**29.00**
2.	Other Non-Executive Directors · Fee for attending board & committee meetings · Commission · Others, please specify	 Nil Nil Nil	 Nil Nil Nil	 Nil Nil Nil
	Total (2)	Nil	Nil	Nil
	Total (B)=(1+2)	**16.00**	**13.00**	**29.00**
	Total Managerial Remuneration (A+B)			**306.33**
	Overall Ceiling as per the Act *	Not applicable for FY 2018-19. Please refer to the notes mentioned below.		

Notes:

1. 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 Lakh)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Company Secretary	Chief Financial Officer	
		* Mr. Nikhil Kulshreshtha	Mr. Sandeep Kumar Chotia	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961		50.92 Nil Nil	50.92 Nil Nil
2.	Stock Option		Nil	Nil
3.	Sweat Equity		Nil	Nil
4.	Commission - as % of profit - others, specify...		 Nil Nil	 Nil Nil
5.	Others, please specify		Nil	Nil
	Total		**50.92**	**50.92**

***Since Mr. Nikhil Kulshreshtha (the KMP) was also appointed as Whole Time Director, therefore his remuneration has been disclosed under the heading "Remuneration to Managing Director, Whole-time Directors and/or Manager" at point no. VI (A).

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)
COMPANY					
Penalty	None				
Punishment					
Compounding					
DIRECTORS					
Penalty	None				
Punishment					
Compounding					
OTHER OFFICERS IN DEFAULT					
Penalty	None				
Punishment					
Compounding					

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FRESENIUS KABI ONCOLOGY LIMITED

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Fresenius Kabi Oncology Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2019, and the Statement of Profit and Loss, including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report and Director's Responsibility Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by 'The Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the **Annexure A**, a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

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

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

(c) The Balance Sheet, Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of written representations received from the directors as on March 31, 2019, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019, from being appointed as a director in terms of section 164(2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **Annexure B** to this report;

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

    i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 34 of the Notes to the Ind AS financial statements;

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

iii. The company does not have any dues that are required to be transferred to the Investor Education and Protection Fund.

For **VMT & Co. LLP**
Firm Registration No. N500048
Chartered Accountants

Vanit Kumar Mittal
Partner
Membership No. 505709

Place: Gurugram
Date: 10th May, 2019

Annexure A to the Independent Auditor's report of even date to the members of FRESENIUS KABI ONCOLOGY LIMITED on the financial statements as of and for the year ended March 31, 2019

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

(b) All the fixed assets have been physically verified by the Management during the year as per regular program of verification, which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies have been noticed on such verification.

(c) According to the information and explanations given by the management, the title deeds of immovable properties, included in property, plant and equipment, are held in the name of the Company. (In respect of certain immovable properties including building, and disclosed as fixed asset in the financial statements, the arrangement, in the nature of lease, are in the name of the Company, where the Company is the beneficiary in the agreement.)

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

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

iv. In our opinion and according to the information and explanation given to us, the company has not advanced any loans to directors/ to a company in which the director is interested to which the provisions of section 185 of the Companies Act, 2013 apply and hence, not commented upon. As per the information and explanation provided to us, the company has made no loans, investment or furnished guarantee within the meaning of section 186 of the Companies Act, 2013.

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

vi. We have broadly reviewed the books of accounts maintained by company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues including provident fund, employees' state insurance, income tax, goods & services tax, Customs Duty, Cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us, there were no outstanding statutory dues as on March 31, 2019 for a period more than six months from the date they become payable.

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

Name of the Statute	Nature of the Dues	Disputed Amount (In Rs. Lakhs)	Period to which amount relates (Financial Year)	Forum where the dispute is pending
Income Tax Act, 1961	Corporate Tax Adjustments	221.91	2010-11, 2012-13 & 2013-14	CIT (Appeals)
		14.15	2009-10 to 2011-12	Income Tax Appellate Tribunal
		2.91	2014-15	Dispute Resolution Panel
		10.25	2006-07	High Court, Delhi

	Transfer Pricing Adjustments	243.22	2013-14	CIT (Appeals)
		245.38	2009-10 to 2011-12	Income Tax Appellate Tribunal
		3,519.79	2014-15	Dispute Resolution Panel
		181.51	2004-05 & 2006-07	High Court, Delhi
Central Excise Act, 1944	CENVAT related	945.66	2013-14 & 2014-15	Commissioner (Appeals)
		5,361.96	1998 to 2005, 2008-09 to 2015-16	CESTAT
	Refund of Rebate claim	535.40	2010-11	CESTAT
		55.66	2010-11	High Court
	Duty on testing sampling	2.41	1999-2001	Commissioner (Appeals)
		378.15	2005-06 to 2017-18	CESTAT
Finance Act, 1994	Service Tax - Input Credit	894.13	2013-14 to 2016-17	Commissioner (Appeals)
	Payment against Reverse Charge mechanism on legal consultancy services	103.45	2013 to 2018	Applicability challenged with unfavourable order from Bombay High Court stayed by Supreme Court of India on petition of Bar Council
Customs Duty, 1962	Export obligation against Advance Licenses	9	2015-16	Customs/ DGFT

viii. In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to a bank. There are no dues which are payable to financial institutions or to government. The Company did not have any debenture holders during the year.

ix. According to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year. Term loans obtained have been applied for the purpose for which those were raised there were no default or delay in repayment of principal and interest thereon.

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

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

xii. In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of Clause 3(xii) of the Order are not applicable to the Company and hence, not commented upon.

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

xiv. According to the information and explanations given by management, The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company and hence, not commented upon.

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

xvi. According to the information and explanations given by management, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **VMT & Co. LLP**
Firm Registration No. N500048
Chartered Accountants

Vanit Kumar Mittal
Partner
Membership No. 505709

Place: Gurugram
Date: 10th May, 2019

Annexure B to the Independent Auditor's report of even date to the members of FRESENIUS KABI ONCOLOGY LIMITED on the financial statements for the year ended 31st March, 2019

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 31st March, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We have conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting 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 auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019, 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 **VMT & Co. LLP**
Firm Registration No. N500048
Chartered Accountants

Vanit Kumar Mittal
Partner
Membership No. 505709

Place: Gurugram
Date: 10th May, 2019

Balance Sheet

As at 31st March, 2019

(₹ in Lakhs)

Particulars	Note No.	As at 31st March, 2019	As at 31st March, 2018
ASSETS			
Non-Current Assets			
Property, plant and equipment	3	45,646.96	46,827.04
Capital work-in-progress	4	3,701.69	3,754.87
Other intangible assets	5	0.75	44.77
Financial assets			
(i) Investments	6	3.00	3.00
(ii) Others	7	722.55	628.22
Deferred tax assets (net)	19	1,204.09	507.70
Other non-current assets	8	717.61	682.81
Total Non-Current Assets		**51,996.65**	**52,448.41**
Current Assets			
Inventories	9	38,601.18	38,223.20
Financial assets			
(i) Trade receivables	10	14,926.88	16,215.76
(ii) Cash and cash equivalents	11	196.97	17.56
(iii) Bank balance other than (ii) above	12	-	146.45
(iv) Loans	13	16.00	14.05
(v) Others	14	144.24	167.16
Other current assets	15	17,052.58	15,841.09
Total Current Assets		**70,937.85**	**70,625.27**
TOTAL ASSETS		**122,934.50**	**123,073.68**

Balance Sheet

As at 31st March, 2019

(₹ in Lakhs)

Particulars	Note No.	As at 31st March, 2019	As at 31st March, 2018
EQUITY AND LIABILITIES			
Equity			
Equity share capital	16	1,702.48	1,702.48
Other equity		38,981.51	44,114.56
Total Equity		**40,683.99**	**45,817.04**
Liabilities			
Non-Current Liabilities			
Financial liabilities - Borrowings	17	30,845.95	30,845.95
Provisions	18	1,001.92	1,276.99
Other non-current liabilities	20	2,686.76	3,030.13
Total Non-Current Liabilities		**34,534.63**	**35,153.07**
Current Liabilities			
Financial liabilities			
(i) Borrowings	21	15,441.04	16,601.15
(ii) Trade payables	22	22,222.06	16,395.78
(iii) Others	23	8,067.49	6,903.68
Other current liabilities	24	1,306.09	1,201.45
Provisions	18	634.47	744.11
Current tax liabilities (net)	25	44.73	257.40
Total Current Liabilities		**47,715.88**	**42,103.57**
Total Liabilities		**82,250.51**	**77,256.64**
TOTAL EQUITY AND LIABILITIES		**122,934.50**	**123,073.68**
Company's Information and Accounting Policy	1 & 2		

The accompanying notes are an integral part of these financial statements.

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

For and on Behalf of the **Board of Directors of Fresenius Kabi Oncology Limited**

For **VMT & Co. LLP**
Chartered Accountants
Firm Registration No. N500048

Maria Gobbi
Chairperson
DIN: 07005222

Arvind Kumar Sharma
Managing Director
DIN:08144338

Nikhil Kulshreshtha
Director & Secretary
DIN: 07178027

Sandeep Kumar Chotia
Chief Financial Officer

Vanit Kumar Mittal
Partner
Membership No. 505709

Place: Geneva, Switzerland
Date: 10th May, 2019

Place: Gurugram, India
Date: 10th May, 2019

Statement of Profit and Loss

For the Year Ended 31st March, 2019

(₹ in Lakhs)

Particulars	Note No.	For the Year Ended 31st March, 2019	For the Year Ended 31st March 2018
Revenue			
Revenue from operations	26	65,956.77	70,617.71
Other income	27	4,188.20	2,819.56
Total income		**70,144.97**	**73,437.27**
Expenses			
Cost of materials consumed		26,863.79	27,691.97
Purchase of stock-in trade		628.34	605.38
Changes in inventories of finished goods, work-in-progress and stock-in-trade	28	(568.16)	(937.85)
Excise duty		-	269.76
Employee benefits expenses	29	14,347.05	14,320.63
Finance costs	30	3,643.12	4,483.96
Depreciation and amortization expenses	31	5,462.45	5,483.07
Other expenses	32	15,678.91	15,664.54
Total expenses		**66,055.50**	**67,581.46**
Profit before exceptional items and tax		**4,089.47**	**5,855.81**
Exceptional items	45	10,222.57	4,013.33
Profit/ (loss) before tax		**(6,133.10)**	**1,842.48**
Tax expense:			
Current tax expense		-	840.41
Tax relating to earlier year		59.97	-
Deferred tax credit	19	(800.88)	(956.32)
A. Profit/ (loss) for the year		**(5,392.19)**	**1,958.39**
B. Other comprehensive income			
Items that will not be reclassified to profit or loss			
(Gain)/Loss on remeasurement of defined benefit plans		(299.06)	66.50
Tax expense / (income) on remeasurement on defined benefit plan	19	104.49	(23.02)
		(194.57)	**43.48**
(A+B)Total comprehensive income/(loss) for the year		**(5,197.62)**	**1,914.91**
Earnings per equity share			
Basic /Diluted	33	(3.17)	1.15

The accompanying notes are an integral part of these financial statements.

This is the statement of Profit and Loss including Other Comprehensive Income referred to in our report of even date

For and on Behalf of the **Board of Directors of Fresenius Kabi Oncology Limited**

For **VMT & Co. LLP**
Chartered Accountants
Firm Registration No. N500048

Maria Gobbi
Chairperson
DIN: 07005222

Arvind Kumar Sharma
Managing Director
DIN:08144338

Nikhil Kulshreshtha
Director & Secretary
DIN: 07178027

Sandeep Kumar Chotia
Chief Financial Officer

Vanit Kumar Mittal
Partner
Membership No. 505709

Place: Geneva, Switzerland
Date: 10th May, 2019

Place: Gurugram, India
Date: 10th May, 2019

Statement of Changes in Equity

For theYear Ended 31st March, 2019

(₹ in Lakhs)

(a) Equity Share Capital	As at 31st March, 2019		As at 31st March, 2018	
	No. of shares	Amount	No. of shares	Amount
Balance at the begininning of the reporting year	170,247,857	1,702.48	170,247,857	1,702.48
Changes in equity share capital during the year	-	-	-	-
Balance at the end of the reporting Year	**170,247,857**	**1,702.48**	**170,247,857**	**1,702.48**

(b) Other Equity	Attributable to the owners of the Company Reserves & Surplus						
Particulars	Capital Reserve	Securities Premium Account	General Reserve	Deemed Equity contribution	Other Compre-hensive Income *	Retained Earnings	Total Equity
Balance at 1st April, 2017	**180.00**	**19,455.21**	**52,411.42**	**-**	**88.61**	**(30,002.67)**	**42,132.57**
Profit for the year	-	-	-	-	-	1,958.39	1,958.39
Financial guarantee issued by parent without consideration	-	-	-	67.08	-	-	67.08
Other comprehensive income/(loss) for the year	-	-	-	-	(43.48)	-	(43.48)
Balance at 31st March, 2018	**180.00**	**19,455.21**	**52,411.42**	**67.08**	**45.13**	**(28,044.28)**	**44,114.56**
Loss for the year	-	-	-	-	-	(5,392.19)	(5,392.19)
Financial guarantee issued by parent without consideration	-	-	-	64.57	-	-	64.57
Other comprehensive income/(loss) for the year	-	-	-	-	194.57	-	194.57
Balance at 31st March, 2019	**180.00**	**19,455.21**	**52,411.42**	**131.65**	**239.70**	**(33,436.47)**	**38,981.51**

*Note: Gain/ (loss) on remeasurement of defined benefit plan (net of tax)

The accompanying notes are an integral part of these financial statements.

This is the Statement of Change in Equity referred to in our report of even date

For and on Behalf of the **Board of Directors of Fresenius Kabi Oncology Limited**

Maria Gobbi
Chairperson
DIN: 07005222

Arvind Kumar Sharma
Managing Director
DIN:08144338

Nikhil Kulshreshtha
Director & Secretary
DIN: 07178027

Sandeep Kumar Chotia
Chief Financial Officer

Place: Geneva, Switzerland
Date: 10th May, 2019

For **VMT & Co. LLP**
Chartered Accountants
Firm Registration No. N500048

Vanit Kumar Mittal
Partner
Membership No. 505709

Place: Gurugram, India
Date: 10th May, 2019

Statement of Cash Flows

For the Year Ended 31st March, 2019

(₹ in Lakhs)

	Particulars	For the Year Ended 31st March, 2019	For the Year Ended 31st March, 2018
A.	**Cash flow from operating activities**		
	Profit / (Loss) before tax	**(6,133.10)**	**1,842.48**
	Adjustments for :-		
	Depreciation and amortization expenses	5,462.45	5,483.07
	Impairment of property, plant and equipment and CWIP (net)	1,029.75	2,448.54
	Government grant income	(351.41)	(331.98)
	Loss / (Profit) on sale & disposal of property, plant & equipment (net)	(6.22)	122.98
	Commission on financial guarantee issued by parent company	64.57	67.08
	Unrealised foreign currency (gain) / loss	(57.90)	180.79
	Interest on borrowings	3,418.95	4,096.59
	Allowance for export incentive receivable	84.91	-
	Provision for inventory	19.17	185.20
	Allowance for doubtful debt	45.26	45.26
	Dividend income	(0.45)	(0.36)
	Interest income	(57.86)	(114.20)
	Operating profit before working capital changes	**3,518.12**	**14,025.45**
	Movements in working capital :-		
	(Increase)/ decrease in inventories	(397.15)	1,541.79
	(Increase)/ decrease in trade receivables	923.30	(1,700.80)
	(Increase)/ decrease in other assets	(1,323.58)	(4,872.80)
	Increase / (decrease) in trade payables	6,178.71	499.79
	Increase / (decrease) in provisions	(85.65)	494.35
	Increase / (decrease) in other payable	1,372.76	1,803.27
	Cash generated from operations	**10,186.51**	**11,791.05**
	Income tax paid, net	(345.93)	(627.74)
	Net cash generated from operating activities (A)	**9,840.58**	**11,163.31**
B.	**Cash flow from investing activities**		
	Payment against purchase of property, plant and equipment	(5,503.63)	(3,713.99)
	Proceeds from sale of property, plant and equipment / CWIP	56.28	29.21
	Net movement in term deposits	147.51	638.67
	Dividend received	0.45	0.36
	Interest received	78.01	242.97
	Net cash used in investing activities (B)	**(5,221.38)**	**(2,802.78)**

Statement of Cash Flows

For the Year Ended 31st March, 2019

(₹ in Lakhs)

	Particulars	For the Year Ended 31st March, 2019	For the Year Ended 31st March, 2018
C.	**Cash flow from financing activities**		
	Net proceeds/(repayment) of short term borrowings (refer note no 21)	2,300.00	800.00
	Interest paid	(3,305.48)	(3,700.18)
	Net cash used in financing activities (C)	**(1,005.48)**	**(2,900.18)**
	Net increase in cash and cash equivalents (A+B+C)	**3,613.72**	**5,460.35**
	Cash and cash equivalents at the beginning of the year	(7,783.59)	(13,084.59)
	Unrealised foreign currency (gain) / loss for cash and cash equivalents	(25.80)	159.35
	Cash and cash equivalents at the end of the year	**(4,144.07)**	**(7,783.59)**

Reconciliation of Cash and Cash Equivalents in Balance Sheet vis - a - vis Statement of Cash Flows

Cash and cash equivalent as per Balance Sheet (refer note no 11)	196.97	17.56
Balance with bank in cash credit accounts (refer note (i) below)	(1,235.84)	(1,353.15)
Balance with bank in packing credit (foreign currency) accounts (refer note (i) below)	(3,105.20)	(6,448.00)
Cash and Cash Equivalent as per Statement of Cash Flows	**(4,144.07)**	**(7,783.59)**

Notes:

(i) Cash and cash equivalent's include credit drawdown which is repayable on demand and forms part of company cash management/ working capital strategy. This credit drawdown includes cash credit & packing credit amounting to ₹ 1,235.84 (previous year ₹ 1,353.15) & ₹ 3,105.20 (previous year ₹ 6,448) respectively.

(ii) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard (Ind AS) 7 Statement of Cash Flow.

The accompanying notes are an integral part of these financial statements.

As per our report of even date attached

For and on Behalf of the **Board of Directors of Fresenius Kabi Oncology Limited**

For **VMT & Co. LLP**
Chartered Accountants
Firm Registration No. N500048

Maria Gobbi
Chairperson
DIN: 07005222

Arvind Kumar Sharma
Managing Director
DIN:08144338

Nikhil Kulshreshtha
Director & Secretary
DIN: 07178027

Sandeep Kumar Chotia
Chief Financial Officer

Vanit Kumar Mittal
Partner
Membership No. 505709

Place: Geneva, Switzerland
Date: 10th May, 2019

Place: Gurugram, India
Date: 10th May, 2019

Notes to the Financial Statements

for the year ended 31st March, 2019

1) Company Information

Fresenius Kabi Oncology Ltd. ("the Company") a domestic public limited Company with registered office situated at B-310, Somdutt Chambers-1, Bhikhaji Cama Place, New Delhi. The company is the direct subsidiary of Fresenius Kabi (Singapore) Pte, a body Corporate incorporated in Singapore, which owns 97.05% stake in the company. The company belongs to group of a German pharmaceutical conglomerate named Fresenius SE & Co KGaA which is among leading players of generic products especially in Oncological sphere across the globe. It has two manufacturing facilities in the country, at Baddi, Himachal Pradesh and one at Kalyani, West Bengal. Company's Research & Development Centre is situated in the premises of Head Office. Exports to group companies constitute a significant share of annual turnover of the company.

2.1 Significant Accounting Policies

2.1.1 Basis for Preparation of Accounts

The financial statements of the company have been prepared and presented in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

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 to the Companies Act, 2013.

These financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following material items in the balance sheet:

- certain financial assets are measured either at fair value or at amortised cost depending on the classification;
- employee defined benefit assets/(liability) are recognised as the net total of the fair value of plan assets, plus actuarial losses, less actuarial gains and the present value of the defined benefit obligation;
- long-term borrowings, except obligations under finance leases, are measured at amortised cost using the effective interest rate method.
- Derivative financial instrument are measured at fair value.

All financial information is presented in Indian Rupees and has been rounded off to the nearest Lakhs.

2.1.2 Use of Estimates

Ind AS enjoins management to make estimates and assumptions related to financial statements that affect reported amount of assets, liabilities, revenue, expenses and contingent liabilities pertaining to the financial year. Actual result could differ from such estimates. Any revision in accounting estimates is recognized prospectively in the period of change and material revision including its impact on financial statement, is reported in the notes to accounts in the year of revision of accounting.

2.2 Recognition of Revenue

The Company derives revenues primarily from manufacturing and sale of oncology drugs and from Services which primarily relates to contract research services and other support services.

Effective 1st April, 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied to contracts that were not completed as of 1st April, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The following is the company's new and/or revised accounting policies related to revenue recognition. The effect on adoption of Ind AS 115 was insignificant.

Revenue on the sale of products and services, which is recorded as "Revenue from Operations" in the Statement of Profit and Loss, is recognized when a contractual promise to a customer (performance obligation) has been fulfilled by transferring control over the promised goods and services to the customer, substantially all of which is at the point in time of shipment to or receipt of the products by the customer or when the services are performed. If contracts contain customer acceptance provisions, revenue would be recognized upon the satisfaction of acceptance criteria. If products are stockpiled at the request of the customer, revenue is only recognized once the products have been inspected and accepted by the customer, and there is no right of return or replenishment on product expiry. The amount of revenue to be recognized is based on the consideration that the company expects to receive in exchange for its goods and services. If a contract contains more than one performance obligation, the consideration is allocated based on the standalone selling price of each performance obligation. The Company presents revenues net of indirect taxes in its statement of Profit and loss.

Revenues are recognized upon satisfaction of each of the performance obligations in the contract and the consideration is allocated based on the standalone selling price of each performance obligation, wherever applicable.

The consideration received in exchange for its goods or services may be fixed or variable. Variable consideration is only recognized when it is highly probable that a significant reversal will not occur. The most common elements of variable consideration are listed below.

- Refunds granted to customers are recorded as a revenue deduction at the time the related sales are recorded. They are calculated on the basis of historical experience and clinical data available for the product, as well as the specific terms in the individual agreements. In cases where historical experience and clinical data are not sufficient for a reliable estimation of the outcome, revenue recognition is deferred until the uncertainty is resolved or until such history is available.
- The Company receives consideration from Fresenius Kabi Deutschland GmbH as an adjustment to the sale price against Revenue from sale of goods. The value of this consideration is determined based on cost of production of the company for the period presented.

The variable consideration amounts recognised at year end are adjusted to actual amounts as refunds and the contingent consideration amounts are finalised /processed. The likelihood of reversal of revenue on account of actualisation is estimated to be immaterial.

Revenues in excess of invoicing are classified as contract assets (which we refer as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which we refer to as unearned revenues).

Prior to the adoption of Ind AS 115 on 1st April, 2018, the company's accounting policy for revenue recognition was as follows:

Sale of Goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. Revenue from the sale of goods includes excise duty and is measured at the fair value of the consideration received or receivable, net of returns, sales tax and applicable trade discounts and allowances. Revenue includes shipping and handling costs billed to the customer. Sales recognized are net of sales tax, service tax, GST, rebates and discount.

Services

Revenue from services rendered, which primarily relate to contract research services and other support services, is recognised in the statement of profit and loss as the underlying services are performed.

Other Income

Other incomes have been recognized on accrual basis in financial statement except for cash flow information.

For impact of adopting Ind AS 115, refer note no. 47 which provides additional disclosure on the impact of adoption.

2.3 Property, Plants and Equipments

These tangible assets are held for use in production, supply of goods or services or for administrative purposes. These are recognized and carried under cost model i.e. cost less accumulated depreciation and impairment loss, if any.

a) Cost includes freight, duties, taxes and other expenses directly incidental to acquisition, bringing the asset to the location and installation including site restoration up to the time when the asset is ready for intended use. Such costs also include Borrowing Cost if the recognition criteria are met.

b) Gains and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in the statement of profit and loss.

c) The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of repairs and maintenance are recognised in the statement of profit and loss as incurred.

d) Depreciation has been provided on straight line method in terms of expected life span of assets specified in Schedule – II of the Companies Act, 2013 or as determined by management. The residual value and useful life is reviewed annually and any deviation is accounted for as a change in estimate.

e) Components relevant to fixed assets, where significant, are separately depreciated on straight line basis in terms of their life span assessed by technical evaluation in item specific context.

f) For new projects, all direct expenses and direct overheads (excluding services of non-exclusion nature provided by employees in company's regular payroll) are capitalized till the assets are ready for intended use.

g) Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date is disclosed as capital advances under other current /non- current assets as applicable. The cost of property, plant and equipment not ready to use before such date are disclosed under capital work-in-progress. Assets not ready for use are not depreciated.

2.4 Intangible Assets:

Patent/ Product Rights

Patents and product development rights that are acquired by the Company and that have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Product Development

Intangible assets with finite useful life are subjected to test of impairment whenever there is an indication that the intangible assets may be impaired. Intangible assets with infinite useful life are tested for impairment annually.

Intangible assets with finite useful life are amortized over the useful economic life on a straight-line basis. In case of Patents and Trade Marks, the useful life is taken to be 10 years and in case of Software, the useful life is taken as 5 years.

2.5 Impairment of Non-Financial Assets:

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, an impairment test is performed at each year end.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit.

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

An impairment loss is recognised in the statement of profit and loss if the estimated recoverable amount of an asset or its cash-generating unit is lower than its carrying amount.

Impairment losses, other than those recognized on goodwill, that have been recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.6 Government Subsidy / Grant:

Government Grant is recognized only when there is a reasonable assurance that the entity will comply with the conditions attaching to them and the grants will be received.

a) Subsidies related to assets are recognized as deferred income which is recognized in the statement of profit & loss on systematic basis over the useful life of the assets.

b) Purchase of assets and receipts of related grants are separately disclosed in statement of cash flow.

c) Grants related to income are treated as other income in statement of profit & loss subject to due disclosure about the nature of grant.

d) Duty waived on import of capital goods is added to the cost of capital assets and said grant (amount of duty waived) is accounted for as deferred income amortizable during life span of the concerned asset on straight line basis.

Export Incentives

Export incentives are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the incentives will be received.

The company is entitled to various export incentives

a) Export entitlements from government authorities under the Merchandise Exports from India Scheme (MEIS) and Duty Draw Back scheme are recognised in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of the exports made by the Company, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds. Accordingly, income is recognised based on the sales recognised during the financial year.

b) Export entitlements from government authorities under the Service Exports from India Scheme (SEIS) are recognised in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of the exports made by the Company. Accordingly, income is recognised only on filing of the claims for availing this benefit with the Directorate General of Foreign Trade.

c) Duty waived on import of capital goods is added to the cost of capital assets and said grant (amount of duty waived) is accounted for as deferred income amortizable during life span of the concerned asset on straight line basis.

2.7 Financial Instruments:

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

2.7.1 Financial Assets:

Initial Recognition and Measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit and loss, transaction costs that are attributable to the acquisition of the financial assets.

Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortized cost.

Subsequent Measurement

For purpose of subsequent measurement financial assets are classified in two broad categories: -

- Financial Assets at fair value
- Financial assets at amortized cost

Where assets that measured at fair value, gains and losses are either recognized entirely in the statement of profit and loss or recognized in other comprehensive income.

A financial asset that meets the following two conditions is measured at amortized cost.

- **Business Model Test:** The objective of the company's business model is to hold the financial asset to collect the contractual cash flows.

- **Cash Flow Characteristics Test:** The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

A financial asset that meets the following two conditions is measured at fair value through OCI:-

- **Business Model Test:** The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- **Cash Flow Characteristics Test:** The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

All other financial asset is measured at fair value through profit and loss.

All equity investments are measured at fair value in the balance sheet, with value changes recognized in the statement of profit and loss, except for those equity investments for which the entity has elected irrevocable option to present value changes in OCI.

Derecognition of Financial Assets

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

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment of Financial Assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115 and / or Ind AS 18.

For this purpose, the Company follows 'simplified approach' for recognition of impairment loss allowance on the trade receivable balances. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

2.7.2 Financial Liabilities:

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

Financial liabilities are classified as measured at amortized cost or fair value through profit and loss (FVTPL). A financial liability is classified as FVTPL if it is classified as held for trading, or it is derivative or is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gain or losses, including any interest expense, are recognized in statement of profit and loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit and loss.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

2.8 Financial Guarantee:

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are measured at their fair values and recognised as income in the Statement of Profit and Loss.

Where guarantees in relation to loans or other payables of group companies are provided for no compensation, the fair value are accounted for as contributions and recognised as part of cost of investment. Consequently, the beneficiary accounts for such guarantee by recognizing a deemed equity contribution and recognising a finance cost for obtaining such a guarantee.

2.9 Fair Value Measurement:

The company measures financial instruments, such as derivatives at fair value at each balance sheet date.

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

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

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

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

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

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

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

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

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

Level 3- Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

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

2.10 Leases:

At the inception of each lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement. An arrangement that does not take legal form of lease rent but conveys right to use an asset in return for payment or series of payment, is also accounted for as either finance lease or an operating lease.

Finance Leases

A finance lease is recognised as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset and the present value of the minimum lease payments. Initial direct costs, if any, are also capitalised and, subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Depreciation on leasehold assets is provided on straight line method over the period of lease.

Operating Leases

Leases other than finance leases are operating leases, and the leased assets are not recognised on the Company's balance sheet. Payments made under operating leases are recognised in the statement of profit and loss on a straight-line basis over the term of the lease, in case the lease increments are not in line with the general inflation rate.

2.11 Inventories:

Inventories consist of raw materials, stores and spares, work-in-progress and finished goods and are measured at the lower of cost and net realisable value.

Cost includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity. Stores and spares, that do not qualify to be recognised as property, plant and equipment, consists of packing materials, engineering spares (such as machinery spare parts) and consumables, which are used in operating machines or consumed as indirect materials in the manufacturing process. The basis of measurement of cost is as follows:

a) Raw material, packing material; Moving weighted average basis.

b) Stores & spares: Moving weighted average basis.

c) Work-in-progress: Cost of input plus overhead upto the stage of completion.

d) Finished goods: Cost of input plus appropriate overhead.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Taxus Baccata Leaves which are matured and plucked are classified as plantation inventory in the financial statements, are designated as agricultural produce as per Ind AS 41 and are measured at their fair value less cost to sell as at each reporting date. Any changes in fair value are recognised in the Statement of Profit and Loss in the year in which they arise

The fair valuation so arrived at becomes the cost of Inventory under Ind AS 2.

2.12 Employee Benefits:

Short-term Employee Benefits

Short-term employee benefits include wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related services, are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. The liabilities are presented as current employee benefit obligations in the balance sheet.

ESI is provided on the basis of actual liability accrued and paid to authorities.

Long Term Employee Benefit

The Company's net obligation in respect of other long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and previous periods.

The Company's current policies permit certain categories of its employees to accumulate and carry forward a portion of their unutilized compensated absences and utilise them in future periods or receive cash in lieu thereof in accordance with the terms of such policies. The Company measures the expected cost of accumulating compensated absences as the additional amount that the Company incurs as a result of the unused entitlement that has accumulated at the balance sheet date. Such measurement is based on actuarial valuation as at the balance sheet date carried out by a qualified actuary. Remeasurements are recognised in the statement of profit and loss in the period in which they arise.

Defined Contribution Plans

The Company's contributions to defined contribution plans are charged to the statement of profit and loss as and when the services are received from the employees. The company contributes to a superannuation fund and also makes contribution on account of employee Provident Fund and Employee State Insurance.

Defined Benefit Plans

Gratuity Liability on the basis of actuarial valuation as per Ind AS 19. Liability recognized in the balance sheet in respect of gratuity is the present value of the defined benefit obligation at the end of each reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuary using the projected unit credit method. The present value of defined benefit is determined by discounting the estimated future cash outflows by reference to market yield at the end of each reporting period on government bonds that have terms approximate to the terms of the related obligation. The interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. The cost is included in employee benefit expense in the statement of profit and loss. Actuarial gain / loss arising from experience adjustments and changes in actuarial assumptions are credited / debited to "other comprehensive Income" forming part of other equity.

2.13 Income Tax:

Income tax expense consists of current and deferred tax. Income tax expense is recognised in the statement of profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The liability of company on account of Income Tax is estimated considering the provisions of the income Tax Act, 1961.

Deferred tax is provided using balance sheet approach on temporary differences at the reporting date as difference between the tax base and the carrying amount of assets and liabilities. Deferred tax is recognized subject to the probability that taxable profit will be available against which the temporary differences can be reversed.

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity).

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

2.14 Provision Contingent Liability and Contingent Assets:

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

Restructuring Provisions

A provision for restructuring is recognised when the Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided.

Contingent Liabilities

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Disputes, liabilities and claims against the company including claims raised by fiscal authorities (e.g. Sales Tax, Income Tax Excise etc.) pending in appeal / court for which no reliable estimated can be made and or involves uncertainty of the outcome of the amount of the obligation or which are remotely poised for crystallization are not provided for in accounts but disclosed in notes to accounts.

Contingent Assets

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

2.15 Foreign Currency Translation:

The company's financial statements are presented in INR, which is also the company's functional currency.

a) Transactions in foreign currencies are recognized at rate of foreign currency ruling on the date of transactions. Gain / Loss arising on account of rise or fall in foreign currencies vis-à-vis functional currency between the date of transaction and that of payment is charged to Statement of Profit & Loss.

b) Monetary Assets in foreign currencies are translated into functional currency at the exchange rate ruling at the reporting date and the resultant gain or loss, is accounted for in the Statement of Profit & Loss.

c) Non-Monetary items which are carried at historical cost denominated in a foreign currency reported using the exchange rate at the date of the transaction.

d) Impact of exchange fluctuation is separately disclosed in notes to accounts.

2.16 Operating Segments:

The Chief Operating Decision Maker monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit and loss and is measured consistently with profit and loss in the financial statements.

The operating segments have been identified on the basis of the nature of products/services.

a) Segment revenue includes sales and other income directly identifiable with the segment including inter-segment revenue.

b) Expenses that are directly identifiable with the segments are considered for determining the segment results. Expenses which relate to the company as a whole and not allocable to segments are included under unallocable expenditure.

c) Income which relates to the company as a whole and not allocable to segments is included in unallocable income.

d) Segment result includes margins on inter-segment and sales which are reduced in arriving at the profit before tax of the company.

e) Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable assets and liabilities represent the assets and liabilities that relate to the company as a whole and not allocable to any segment.

2.17 Earnings Per Share:

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

For the purpose of calculating diluted earnings per share, the net profit for the period attributed to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares, if any.

2.18 Borrowing Cost

Borrowing cost consists of interest and other costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing cost is recognized as expense in the period in which they are incurred. Borrowing cost that are directly attributable to the acquisition, construction, or production of a qualifying asset are capitalized as a part of the cost of such asset till such time the asset is ready for its intended use or sale.

2.19 Cash and Cash Equivalents

For the purpose of presentation in the balance sheet, cash and cash equivalents includes cash in hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of statement of cash flow, working capital borrowing, repayable on demand, which form integral part of cash management, has been included in cash and cash equivalent.

2.20 Biological Assets

Biological Assets which are held to bear agricultural produce are classified as Bearer plants. Taxus Bacatta bushes which have attained harvestable stage to produce taxus bacatta leaves are recognised as Bearer biological assets. Cost incurred for new plantations and additional costs incurred till the time these bushes attain harvestable age are capitalised. Such cost includes cost of land preparation, new planting and maintenance till maturity. Bearer plants attain a harvestable stage in about 3-5 years.

The matured bearer plants is depreciated over their estimated useful life. Bearer biological assets are carried at cost less accumulated depreciation and accumulated impairment loss, if any. Subsequent expenditure on bearer assets are expensed unless it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.

Leaves from Taxus Bacatta bushes which have attained required chemical properties, after the point of harvest, are recognized as agriculture produce and recognized, at fair value less cost to sell, as plantation inventory. The company believes that leaves which have not matured does to have any fair value considering the chemical properties contained therein.

3. Property, Plant and Equipment

(₹ in Lakhs)

Particulars	Free-hold Land	Lease-hold Land	Buildings	Plant & Machinery	Vehicles	Fur-niture Fixtures	Office Equip-ments	Comput-ers	Bearer Plants	Total
Gross Block										
At 31st March, 2017	**625.75**	**365.44**	**12,320.73**	**42,209.16**	**250.81**	**1,736.09**	**727.51**	**865.74**	**107.72**	**59,208.95**
Purchase of assets	-	-	17.63	317.16	88.63	359.12	98.27	258.97	-	1,139.78
Transfer from CWIP	-	-	551.53	3,097.52	-	-	-	-	218.37	3,867.42
Disposals / scrap	-	-	(1.84)	(211.76)	(39.95)	(25.78)	(15.78)	(49.88)	-	(344.99)
At 31st March, 2018	**625.75**	**365.44**	**12,888.05**	**45,412.08**	**299.49**	**2,069.43**	**810.00**	**1,074.83**	**326.09**	**63,871.16**
Purchase of assets	-	-	4.74	32.78	51.09	85.67	76.03	270.81	-	521.12
Transfer from CWIP	-	-	283.78	3,818.93	-	-	-	-	-	4,102.71
Disposals / scrap	-	-	-	(44.02)	(61.63)	(2.16)	-	(0.75)	-	(108.56)
At 31st March, 2019	**625.75**	**365.44**	**13,176.57**	**49,219.77**	**288.95**	**2,152.94**	**886.03**	**1,344.89**	**326.09**	**68,386.43**
Accumulated Depreciation										
At 31st March, 2017	**-**	**29.19**	**947.96**	**7,591.37**	**80.82**	**591.67**	**259.75**	**372.40**	**10.26**	**9,883.42**
Charge for the year	-	16.18	475.17	4,277.95	37.62	311.86	99.59	192.76	14.72	5,425.85
Impairment provision for the year	-	-	1,213.42	716.05	-	-	-	-	-	1,929.47
Disposals / scrap	-	-	(0.28)	(97.32)	(23.02)	(16.94)	(10.88)	(46.18)	-	(194.62)
At 31st March, 2018	**-**	**45.37**	**2,636.27**	**12,488.05**	**95.42**	**886.59**	**348.46**	**518.98**	**24.98**	**17,044.12**
Charge for the year	-	16.09	519.19	4,211.61	40.56	288.19	108.28	206.73	27.78	5,418.43
Impairment provision for the year (Refer Note 44A)	-	-	-	334.58	-	32.12	2.59	0.26	-	369.55
Disposals / Scrap	-	-	-	(41.50)	(48.37)	(2.05)	-	(0.71)	-	(92.63)
At 31st March, 2019	**-**	**61.46**	**3,155.46**	**16,992.74**	**87.61**	**1,204.85**	**459.33**	**725.26**	**52.76**	**22,739.47**
Net Block										
At 31st March, 2018	**625.75**	**320.07**	**10,251.78**	**32,924.03**	**204.07**	**1,182.84**	**461.54**	**555.85**	**301.11**	**46,827.04**
At 31st March, 2019	**625.75**	**303.98**	**10,021.11**	**32,227.03**	**201.34**	**948.08**	**426.70**	**619.63**	**273.33**	**45,646.96**

Notes:

1. Leasehold Land relates to 61.943 acres of Land at Kalyani taken on operating lease for 999 years from 11th January 1989.
2. Buildings include gross block of ₹ 69.09 (previous Year ₹ 69.09), Net Block ₹ 50.45 (previous year ₹ 55.39) under finance lease.
3. Furniture Fixtures include gross block of ₹ 73.79 (previous Year ₹ 70.09), Net Block ₹ 26.53 (previous year ₹ 28.42) under finance lease.

4: Capital Work-in-Progress

(₹ in Lakhs)

Particulars	PPE & Other Intangible	Bearer Plantation in progress [2]	Total
At 31st March, 2017	**3,979.24**	**484.82**	**4,464.06**
Additions	3,768.50	3.44	3,771.94
Capitalized during the year	(3,650.13)	(218.37)	(3,868.50)
Discard / scrap	(93.56)	-	(93.56)
Impairment charge for the year	(519.07)	-	(519.07)
At 31st March, 2018	**3,484.98**	**269.89**	**3,754.87**
Additions	4,721.65	44.56	4,766.21
Capitalized during the year	(4,102.70)	-	(4,102.70)
Discard / scrap	(56.49)	-	(56.49)
Impairment charge for the year (net of reversal) [1]	(660.20)	-	(660.20)
At 31st March, 2019	**3,387.24**	**314.45**	**3,701.69**

Note:
1 Refer note 44 of the financial statements.
2 Refer note 46 of the financial statements.

5: Other Intangible Assets

(₹ in Lakhs)

Particulars	Product Development	Patent/ Product Rights	Total
Gross Block			
At 31st March, 2017	**180.80**	**93.69**	**274.49**
Additions	-	1.09	1.09
At 31st March, 2018	**180.80**	**94.78**	**275.58**
Additions	-	-	-
At 31st March, 2019	**180.80**	**94.78**	**275.58**
Amortization and Impairment			
At 31st March, 2017	**120.53**	**53.05**	**173.58**
Amortization for the year	30.13	27.10	57.23
At 31st March, 2018	**150.66**	**80.15**	**230.81**
Amortization for the year	30.14	13.88	44.02
At 31st March, 2019	**180.80**	**94.03**	**274.83**
Net Block			
At 31st March, 2018	**30.14**	**14.63**	**44.77**
At 31st March, 2019	**-**	**0.75**	**0.75**

NON CURRENT ASSETS

6: Financial Assets- Investments

(₹ in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Unquoted		
Investments in Equity Instruments carried at FVTPL		
Investments - Shivalik Waste Management Limited (30,000 (Previous year 30,000) Equity Shares of ₹ 10 each)	3.00	3.00
Total	**3.00**	**3.00**

7: Financial Assets - Other

(₹ in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Unsecured, Considered Good		
Bank deposit given as security / margin money	344.71	345.77
Security deposits	377.84	282.45
Total	**722.55**	**628.22**

8: Other Non Current Assets

(₹ in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Unsecured, Considered Good		
Prepaid lease rentals	36.13	60.23
Advance payment of income tax (net of provision ₹ 10,864.68 (previous year ₹ 9,964.30))	681.48	622.58
Total	**717.61**	**682.81**

CURRENT ASSETS

9: Inventories

(₹ in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Raw materials (refer note 1 below)	14,676.08	14,936.45
Stores and spare parts	2,601.28	2,444.27
Work-in-progress	15,240.53	12,595.60
Stock in trade	3.71	56.85
Finished goods	6,049.95	8,073.58
Plantation (plucked leaves)	29.63	116.45
Total	**38,601.18**	**38,223.20**

Note :

1. Includes raw material-in-transit	178.27	132.84

2. The total closing stock of inventory is net off provision of ₹ 613.80 (previous year ₹ 594.62).
3. Entire inventory are hypothecated to IDBI bank against credit facility availed.
4. The above inventory classification is based on management estimate and analysis carried out by the company owing to the technical and complex nature of inventory items.

10: Financial Assets- Trade Receivables

(₹ in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Unsecured Considered Good		
Trade receivables from other parties	2,352.88	2,290.76
Trade receivables from related parties	12,574.00	13,925.00
Unsecured Considered Doubtful		
Trade receivables from other parties	725.21	995.58
Less: Allowance for credit losses	(725.21)	(995.58)
Total	**14,926.88**	**16,215.76**

11: Financial Assets- Cash and Cash Equivalents

(₹ in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2019
Cash on hand	0.19	0.13
Balances in current accounts	196.78	17.43
Total	**196.97**	**17.56**

12: Financial Assets- Other Bank Balance

(₹ in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Deposits with original maturing after three month but before one year	-	146.45
Total	**-**	**146.45**

13: Financial Assets- Loans

(₹ in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
(Unsecured & Considered Good)		
Loans to employees	16.00	14.05
Total	**16.00**	**14.05**

14: Financial Assets- Other

(₹ in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
(Unsecured & Considered Good)		
Security deposit	-	3.00
Accrued interest on fixed deposits	143.88	164.03
Other receivables	0.36	0.13
Total	**144.24**	**167.16**

15: Other Current Assets

(₹ in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Trade advances	938.64	1,105.30
Capital advances	233.16	204.26
Balances with Government Authorities	13,135.76	11,982.87
Export incentive receivable	2,272.58	2,252.99
Advance to employee	37.03	14.72
Prepaid expenses	411.31	256.85
Prepaid lease rentals	24.10	24.10
Total	**17,052.58**	**15,841.09**
Note: There are no dues from director and / or from officers of the Company.		

16: Equity Share Capital

(₹ in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
(a) Authorised :		
180,000,000 (previous year 180,000,000) equity shares of ₹ 1/- each	1,800.00	1,800.00
	1,800.00	**1,800.00**
Issued and Subscribed and Paid up:		
170,247,857 (previous year 170,247,857) equity shares of ₹ 1/- each	1,702.48	1,702.48
	1,702.48	**1,702.48**
Reconciliation of number of shares outstanding at the beginning and end of the year :		
Equity share :		
Outstanding at the beginning of the year	170,247,857	170,247,857
Outstanding at the end of the year	**170,247,857**	**170,247,857**

(b) Terms / Rights attached to Equity Shares

The Company has only one class of equity shares referred to as equity shares having par value of ₹ 1. Each holder of one equity share is entitled to one vote per share. In the event of liquidation of the company, the holders of shares shall be entitled to remaining assets of the company, after distribution of all preferential amounts.

(c) Shareholders holding more than 5% equity shares in the Company is set out below :

Particulars	Equity shares			
	As at 31st March, 2019		As at 31st March, 2018	
	No. of Shares	Percentage	No. of Shares	Percentage
Fresenius Kabi (Singapore) Pte Ltd.	165,232,882	97.05%	165,232,882	97.05%

NON CURRENT LIABILITIES

17: Financial Liabilities- Borrowings

(₹ in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Unsecured		
Term loan from related party		
Other holding entity- Fresenius Kabi AG	30,845.95	30,845.95
Total	**30,845.95**	**30,845.95**

a. There is no default in repayment of principal loan or interest thereon.
b. No guarantee bond has been furnished against any loan by any third party including directors.

Terms of Loan and Repayment Schedule
Terms and conditions of outstanding borrowings are as follows:

(₹ in Lakhs)

Particulars	Rate	Years of maturity	As at 31st March, 2019	As at 31st March, 2018
Other holding company- INR	Mibor +138.5 BPT	2021-22	19,800.00	19,800.00
Other holding company- INR	Mibor + 138.5 BPT	2022-23	11,045.95	11,045.95

18: Provisions

(₹ in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Non Current Provisions		
Provision for leave encashment (refer note no. 39.)	657.91	711.04
Provision for gratuity (refer note no. 39.)	344.01	565.95
Total Non Current Provisions	**1,001.92**	**1,276.99**
Current Provisions		
Provision for leave encashment (refer note no. 39.)	103.59	83.26
Other provisions (refer note (i) & (ii) below)	530.88	660.85
Total Current Provisions	**634.47**	**744.11**

Note

(i) Movement in Other Provisions

(₹ in Lakhs)

Particulars	Restructuring Provision	Service Tax on Lawyer's Fees	Vendor Claim	Infringement of Patents matters
As at 31st March, 2018	289.88	103.45	240.52	27.00
Provisions made during the year	-	-	-	-
Provisions used during the year	(36.39)	-	-	-
Provisions reversed during the year	(93.58)	-	-	-
As at 31st March, 2019	**159.91**	**103.45**	**240.52**	**27.00**
Grand Total				**530.88**

(₹ in Lakhs)

Particulars	Restructuring Provision	Service Tax on Lawyer's Fees	Vendor Claim	Infringement of Patents matters
As at 31st March, 2017	-	97.98	-	27.00
Provisions made during the year	289.88	5.47	240.52	-
Provisions used during the year	-	-	-	-
Provisions reversed during the year	-	-	-	-
As at 31st March, 2018	**289.88**	**103.45**	**240.52**	**27.00**
Grand Total				**660.85**

(ii) Information about Other Provisions

Particulars	Restructuring Provision	Service Tax on Lawyer's Fees	Vendor Claim	Infringement of Patents matters
Expected timing of outflow	31st March, 2020	31st March, 2020	31st March, 2020	31st March, 2020
Any expected reimbursement	-	-	-	-
Asset, if any, recognized for reimbursement	-	-	-	-

19: Deferred Tax Liabilities

A. Amounts Recognised in Profit or Loss

(₹ in Lakhs)

Particulars	31st March, 2019	31st March, 2018
Current Tax Expense		
Current year	-	840.41
Tax relating to earlier year	59.97	-
	59.97	**840.41**
Deferred Tax Expense / (Income)		
Property, plant and equipment	(173.42)	(971.45)
Lease equalisation reserve	-	17.00
Impairment of trade receivables	91.18	103.20
Provision for leave encashment	8.84	(2.59)
Provision for gratuity	75.68	(6.06)
Other provisions	43.23	(185.47)
Unabsorbed loss	(38.23)	89.05
Expenses disallowed under Income Tax Act	(808.16)	-
	(800.88)	**(956.32)**
Tax expense/ (income) recorgonized in profit and loss	(740.91)	(115.91)
Other Comprehensive Income		
Tax (expense)/ income on remeasurement of defined benefit liability	**104.49**	**(23.02)**
Total Tax Expense (Income)	**(636.42)**	**(138.93)**

B. Particulars	31st March, 2019	31st March, 2018
Loss/(gain) on remeasurements of defined benefit plans	(299.06)	66.50
Tax expense/ (income)	104.49	(23.02)
	(194.57)	**43.48**

C. Reconciliation of Effective Tax Expense

The following is a reconciliation of the Company's effective tax expenses for the years ended 31st March, 2019 and 31st March, 2018:

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Profit before tax	(6,133.10)	1,842.48
Enacted income tax rate (%) applicable to the Company	34.94%	34.61%
Computed expected tax expense	(2,142.90)	637.66
Effect of:		
Unrecognised deferred tax assets	902.55	-
MAT credit not recognized	-	(840.41)
Income exempt from income taxes	(7.62)	-
Effect of expenses that are not deductible	381.57	19.24
Tax expenses related to prior years	59.97	-
Change in tax rate	4.87	0.03
Other items	60.65	67.59
Income Tax Expense	**(740.91)**	**(115.91)**

D. Movement in Deferred Tax Balances

(₹ in Lakhs)

Particulars	As at 31st March, 2018	Recognized in P&L	Recognized in OCI	As at 31st March, 2019
Deferred Tax Assets				
Impairment of trade receivables	344.57	(91.18)	-	253.39
Provision for leave encashment	274.91	(8.84)	-	266.07
Provision for gratuity	195.88	(75.68)	-	120.20
Lease equalisation reserve	-	-	-	-
Other provisions	228.72	(43.23)	-	185.49
Unabsorbed loss	5,706.84	38.23	-	5,745.07
Disallowance of expenses under Income Tax Act	-	808.16	-	808.16
Total Deferred Tax Assets (a)	**6,750.92**	**627.46**	**-**	**7,378.38**
Deferred Tax Liabilities				
Property, plant and equipment	6,220.17	(173.42)	-	6,046.75
Remeasurement of defined benefit obligation	23.05	-	104.49	127.54
Total Deferred Tax Liabilities (b)	**6,243.22**	**(173.42)**	**104.49**	**6,174.29**
Net Deferred Tax Assets/(Liability) (a-b)	**507.70**	**800.88**	**(104.49)**	**1,204.09**

Particulars	As at 31st March 2017	Recognized in P&L	Recognized in OCI	As at 31st March, 2018
Deferred Tax Assets				
Impairment of trade receivables	447.77	(103.20)	-	344.57
Provision for leave encashment	272.32	2.59	-	274.91
Provision for gratuity	189.82	6.06	-	195.88
Lease equalisation reserve	17.00	(17.00)	-	-
Other provisions	43.25	185.47	-	228.72
Unabsorbed loss	5,795.89	(89.05)	-	5,706.84
Total Deferred Tax Assets	**6,766.05**	**(15.13)**	**-**	**6,750.92**
Deferred Tax Liabilities				
Property, plant and equipment	7,191.62	(971.45)	-	6,220.17
Remeasurement of defined benefit obligation	46.06	-	(23.02)	23.05
Total Deferred Tax Liabilities	**7,237.68**	**(971.45)**	**(23.02)**	**6,243.22**
Net Deferred Tax Assets/(Liability)	**(471.63)**	**956.32**	**23.02**	**507.70**

Notes

1. The Company does not have any unrecognized deferred tax liabilities as on 31st March, 2019 and 31st March, 2018.
2. Deferred tax Assets amounting to as on 31st March, 2019 : ₹ 7,809.97 (previous year ended 31st March, 2018: ₹ 8,248.78) against unabsorbed Tax loss / Unabsorbed depreciation have not been recognised in the absence of convincing evidence as per Ind AS 12.

20: Other Non-Current Liabilities

(₹ in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Deferred income	2,686.76	3,030.13
Total	**2,686.76**	**3,030.13**

CURRENT LIABILITIES

21: Financial Liabilities- Borrowings

(₹ in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Secured		
Cash credits	20.46	2.91
Unsecured loan		
Cash credits	1,215.38	1,350.24
Packing credit (foreign currency)	3,105.20	6,448.00
Working capital demand loan	11,100.00	8,800.00
Total	**15,441.04**	**16,601.15**

Notes:

a. There is no default in repayment of principal loan or interest thereon.

b. Secured component of cash credit from one bank is covered by hypothecation of inventories.

c. Unsecured Loans from four banks are covered by guarantee bond furnished by ultimate holding company.

d. Packing credit loans comprises of Euro denominated loans carrying interest rates of EURIBOR plus 80 bps (previous year plus 50 to 125 bps). These are repayable within 6 months from the date of drawdown.

e. Disclosure for changes in liabilities arising from financing activities:

(₹ in Lakhs)

Particulars	For the Year Ended 31st March, 2019	For the Year Ended 31st March, 2018
Short-term borrowings		
Opening balance	8,800.00	8,000.00
Additional loan taken during the year	26,700.00	26,600.00
Repayment during the year	(24,400.00)	(25,800.00)
Non - cash changes: acquisition/foreign exchange movement/fair value changes	-	-
Closing Balance	**11,100.00**	**8,800.00**

22: Financial Liabilities- Trade Payables

(₹ in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
MSME creditors (refer note no. 42)	264.40	701.12
Other creditors (for related party payable refer note no. 38)	21,957.66	15,694.66
Total	**22,222.06**	**16,395.78**

23: Financial Liabilities- Other

(₹ in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Interest accrued but not due on borrowings	1,125.16	1,011.69
Creditors for capital items	718.05	937.96
Employee related dues	678.85	594.64
Bonus payable	270.01	280.24
Accrued for expenses	5,253.02	4,000.26
Other payables	22.40	78.89
Total	**8,067.49**	**6,903.68**

24: Other Current Liabilities

(₹ in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Advances from customers	162.48	8.57
Statutory dues	792.20	843.60
Deferred income	351.41	349.28
Total	**1,306.09**	**1,201.45**

25: Current Tax Liabilities (Net)

(₹ in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Provision of income tax (net of advance tax ₹ 2,836.14 (previous year ₹ 3,463.87)	44.73	257.40
Total	**44.73**	**257.40**

26: Revenue From Operations

(₹ in Lakhs)

Particulars	For the Year Ended 31st March, 2019	For the Year Ended 31st March, 2018
A. Sales of Products and Services		
Sale of goods (including excise duty)	51,051.73	49,000.48
Sale of services:		
- Contract R&D services	11,450.52	13,082.13
- Other services	753.28	5,536.83
Total	**63,255.53**	**67,619.44**
B. Other Operating Income		
Scrap sales	264.05	143.49
Government grant		
- Export incentives	2,085.78	2,522.79
- Others	351.41	331.99
Total	**2,701.24**	**2,998.27**
Total	**65,956.77**	**70,617.71**

27: Other Income

(₹ in Lakhs)

Particulars	For the Year Ended 31st March, 2019	For the Year Ended 31st March, 2018
Reimbursement of expenses	2,744.07	2,242.20
Liabilities and provisions written back	629.28	322.76
Interest income	57.86	114.20
Exchange gain	724.10	-
Profit on sale of fixed assets	6.22	-
Dividend income	0.45	0.36
Reversal of impairment on trade receivables	-	136.36
Miscellaneous income	26.22	3.68
Total	**4,188.20**	**2,819.56**

28: Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade

(₹ in Lakhs)

Particulars	For the Year Ended 31st March, 2019	For the Year Ended 31st March, 2018
Opening Stock:		
Finished goods	8,073.58	8,188.61
Work-in-progress	12,595.60	11,599.57
Stock in trade	56.85	-
Less:		
Closing Stock:		
Finished goods	6,049.95	8,073.58
Work-in-progress	15,240.53	12,595.60
Stock in trade	3.71	56.85
Changes In Inventories:		
Finished goods	2,023.63	115.03
Work-in-progress	(2,644.93)	(996.03)
Stock in trade	53.14	(56.85)
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	**(568.16)**	**(937.85)**

29: Employee Benefits Expense

(₹ in Lakhs)

Particulars	For the Year Ended 31st March, 2019	For the Year Ended 31st March, 2018
Salaries, wages and bonus	12,387.09	12,535.54
Contribution to provident and other funds	860.21	806.65
Workmen and staff welfare expenses	1,099.75	978.44
Total	**14,347.05**	**14,320.63**

30: Finance Cost

(₹ in Lakhs)

Particulars	For the Year Ended 31st March, 2019	For the Year Ended 31st March, 2018
Interest	3,418.95	4,096.59
Bank charges	64.57	67.08
Interest on late deposit of taxes	61.77	-
Exchange differences on foreign currency borrowings	97.83	320.29
Total	**3,643.12**	**4,483.96**

31: Depreciation and Amortization Expense (Net)

(₹ in Lakhs)

Particulars	For the Year Ended 31st March, 2019	For the Year Ended 31st March, 2018
Depreciation on property, plant and equipment	5,418.43	5,425.84
Amortization of intangible assets	44.02	57.23
Total	**5,462.45**	**5,483.07**

32: Other Expenses

(₹ in Lakhs)

Particulars	For the Year Ended 31st March, 2019	For the Year Ended 31st March, 2018
Power and fuel	3,011.23	2,721.23
Stores & spares consumed	2,705.88	3,039.16
Repairs and maintenance-building	181.09	182.18
Repairs and maintenance-plant & machinery	1,152.79	1,230.51
Repairs and maintenance-others	99.07	138.31
Plantation expenses	55.48	63.64
Testing expenses	350.19	220.86
Freight charges	1,140.43	1,105.63
Rent	717.33	684.06
Rates and taxes	191.54	204.39
Regulatory fees expenses	527.77	614.49
Insurance	324.63	275.14
Printing & stationery	97.08	118.73
Travel expenses	949.18	806.51
Legal and professional (refer note below)	821.67	755.90
Communication expenses	116.99	122.24
Security expenses	200.15	198.55
Directors' sitting fees	29.00	29.00
Marketing expense	353.86	510.26
Information technology expenses	819.43	624.24
House keeping expenses	686.73	696.17
Recruitment and training expenses	332.14	121.05

(₹ in Lakhs)

Particulars	For the Year Ended 31st March, 2019	For the Year Ended 31st March, 2018
Books and periodicals	123.86	99.49
Allowance for doubtful debts#	45.26	45.26
Bank charges	36.42	101.71
Loss on sale of assets / discarded	-	122.98
Foreign exchange loss	-	183.41
Provision for claim made on the company	-	240.52
Allowance for export incentive receivable	84.91	-
Miscellaneous expenses	524.80	408.92
Total	**15,678.91**	**15,664.54**

The Company has written off trade receivables as bad debts amounting to ₹ 315.63 (previous year ₹ 207.08) against allowance for doubtful debts created in earlier years.

Payment to Auditors (Excluding Taxes)

Particulars	For the Year Ended 31st March, 2019	For the Year Ended 31st March, 2018
Audit fee	14.10	12.25
Reimbursement of expenses	0.75	1.31
Certification	11.50	-
Total	**26.35**	**13.56**

33. Earnings Per Share

(₹ in Lakhs)

Particulars	For the Year Ended 31st March, 2019	For the Year Ended 31st March, 2018
Profit/(loss) for the year	(5,392.19)	1,958.39
Weighted average number of equity shares of ₹ 1/- each	170,247,857	170,247,857
EPS - Basic / Diluted	(3.17)	1.15

Note: There are no potentially dilutive instrument issued by the Company, hence basic and diluted earning per share is same.

34: Contingent Liabilities

The Company is involved in disputes, lawsuits, claims, governmental and/or regulatory inspections, inquiries, investigations and proceedings, including commercial matters that arise from time to time in the ordinary course of business. Often, these issues are subject to uncertainties and therefore the probability of a loss, if any, being sustained and an estimate of the amount of any loss is difficult to ascertain. Consequently, for a majority of these claims, it is not possible to make a reasonable estimate of the expected financial effect, if any, that will result from ultimate resolution of the proceedings.

Although there can be no assurance regarding the outcome of any of the legal proceedings or investigations referred to in this note, the Company does not expect them to have a materially adverse effect on its financial position, as it believes that the likelihood of loss in excess of amounts accrued (if any) is not probable. However, if one or more of such proceedings were to result in judgments against the Company, such judgments could be material to its results of operations in a given period. In these cases, the Company discloses information with respect to the nature and facts of the case. The more significant matters are discussed below.

(₹ in Lakhs)

34: (i)	Particulars	Estimated Timing of Settlement	As at 31st March, 2019	As at 31st March, 2018
a)	**Claims against the company not acknowledged as debts**			
	a) Excise duty in dispute	Un-Certain	8,182.46	6,340.20
	b) Income tax in dispute	Un-Certain	4,371.93	6,843.14
	c) Other			
	Legal and administrative matters	Un-Certain	311.04	415.24
	Import duty demand against export obligation	Un-Certain	9.00	9.00
b)	Guarantee furnished by company to goverment agencies	Un-Certain	1,595.35	2,717.36

34: (ii) In November 2014, Fresenius Kabi Oncology Limited (FKOL) received a subpoena from the U.S. Department of Justice (DOJ), U.S Attorney for the District of Nevada. The subpoena requests documents in connection with the January 2013 inspection by the U.S Food and Drug Administration (FDA) of FKOL's plant for Active Pharmaceutical Ingredients (API) in Kalyani, West Bengal , India. The Inspection resulted in a warning letter from the FDA in July 2013. The subpoena marks the DOJ's criminal and/or civil investigation in this connection and seeks information from throughout the Fresenius Group. through an ancillary subpoena of January 2016, the DOJ has requested additional historic information and data. Through further ancillary subpoenas of June 2016 and November 2016, the DOJ has requested further information from Fresenius Kabi USA and Fresenius Kabi AG without changing the focus of the investigation. Fresenius Kabi fully cooperates with the governmental investigation. Fresenius Kabi has entered into a Tolling Agreement with the DOJ, thereby waiving its statute of limitation defense until July 2018. The tolling agreement was again extended by mutual agreement until July 2019.

As per management, the company is not in position to quantify the impact, if any, of settlement with DOJ, since the investigation is not yet concluded with authorities.

34: (iii) The Company had received a warning letter from the U.S. FDA in July 2013 following inspection of site carried out in January 2013 relating to current Good Manufacturing Practice ("cGMP") deviations at its active pharmaceutical ingredient ("API") manufacturing facility at D-35, Industrial Area , Kalyani , District Nadia, West Bengal (India). The company again received warning letter dated 4th December, 2017 following re-inspection of this site during May 2017. The contents of the warning letter arose from Form 483 observations by U.S. FDA.

Also, Company's drug manufacturing facility at Kishanpura Village, Baddi, Gurumajra, Himachal Pradesh, India received warning letter dated 18th December, 2017 following inspection of this site during April 2017 relating to deviation from current Good Manufacturing Practice ("cGMP").

The warning letter does not restrict production or shipment of the Company's products from these facilities and do not stipulate the import alert impacting the supplies of the approved products to the US market. However, the new products regulatory application approvals are still under hold due to the pending clearance of site's GMP status.

Subsequent to the issuance of the warning letter, the Company promptly instituted corrective actions and submitted a comprehensive remediation response to the warning letter to the U.S. FDA, followed by periodic written updates and regular meetings with the U.S. FDA.

(₹ in Lakhs)

34: (iv)	Particulars	As at 31st March, 2019	As at 31st March, 2018
	Commitments Estimated amount of contracts remaining to be executed on capital account and not provided for.	1,199.25	1,362.22

35: (i) CIF Value of Imports

(₹ in Lakhs)

Particulars	For the Year Ended 31st March, 2019	For the Year Ended 31st March, 2018
Raw materials (including packing material)	15,150.56	15,779.33
Stores & spares	1,378.88	1,435.58
Capital goods	2,162.64	1,759.78
Total	**18,692.08**	**18,974.69**

35: (ii) Earning in Foreign Exchange (on FOB Basis):

(₹ in Lakhs)

Particulars	For the Year Ended 31st March, 2019	For the Year Ended 31st March, 2018
Sale of goods	43,674.23	38,921.92
Sale of services	12,203.81	18,618.96
Total	**55,878.04**	**57,540.88**

36:(i) Company has incurred ₹ 74.05 Lakhs (Previous year ₹ 47.66 Lakhs) voluntarily towards corporate social responsibility during the year. Company is not obligated to incurred expenditure under section 135 due to inadequacy of profit during the last three year. These expenses have been shown as part of miscellaneous expenses under other expenses.

36:(ii) The process of receiving balance confirmation from trade receivables/trade payables and their reconciliation is an ongoing process. The balances of certain trade receivables and trade payables are subject to reconciliation and confirmation as at 31st March, 2019.

37: Financial Instruments – Fair Values and Risk Management

I. Fair Value Measurements

(₹ in Lakhs)

Particulars	As at 31st March, 2019 Carrying Amount	As at 31st March, 2018 Carrying Amount
Financial Assets Measured at Fair Value		
Non-current		
Investments in equity instruments	3.00	3.00
Financial Assets Measured at Amortized Cost		
Non-Current		
Other non-current financial assets	722.55	628.22
Current		
Trade receivables	14,926.88	16,215.76
Cash and cash equivalents	196.97	17.56
Bank balances other than cash and cash equivalents	-	146.45
Loans (short term)	16.00	14.05
Other current financial assets	144.24	167.16
	16,009.64	**17,192.20**
Financial Liabilities Measured at Amortized Cost		
Non-current		
Borrowings (long term)	30,845.95	30,845.95
Current		
Borrowings (short term)	15,441.04	16,601.15
Trade payables	22,222.06	16,395.78
Other current financial liabilities	8,067.49	6,903.68
	76,576.54	**70,746.56**

Fair Value Hierarchy

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. The company does not have any investments which are categorised as Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The company does not have any investments which are categorized as Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for investment in unlisted equity securities.

Note:

a. There are no transfers between level 1 and level 2 during the year.

b. The fair value of financial assets and liabilities approximate their carrying amount measured under Level 3 hierarchy.

c. Long-term debt has been contracted at floating rates of interest, which are reset at short intervals. Accordingly, such long-term debt are carried at amortized cost which approximates fair value.

d. For financial assets measured at fair value, carrying value is equivalent to fair value.

Fair Value Measurement-Agricultural Produce

Agricultural produce is the harvested produce of the entity's Biological Assets (Bearer Plants) at the point of Harvest. Taxus Bacatta Leaves at the point of plucking falls within the definition of Agricultural Produce at the point of Harvest.

The Company uses a Valuation technique that is appropriate in the circumstances and for which sufficient data are available to measure the fair value, maximizing the use of relevant observable inputs. Accordingly, the Company follows a Market Approach as permitted under Indian Accounting Standard Ind AS-113- 'Fair Value Measurement'. The Company believes that leaves at or before the point of plucking does not have any fair value considering the desired chemical properties.

Financial Risk Management

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company's primary risk management focus is to minimize potential adverse effects of market risk on its financial performance. The Company's risk management assessment and policies and processes are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors and the Audit Committee is responsible for overseeing the Company's risk assessment and management policies and processes.

i. Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers, cash and cash equivalents, bank balances, security deposits, loans to employees.

Trade and Other Receivables

Related parties: Majority of the debtors are related parties; being subject to global monitoring by the group, no material credit risk is expected in this regard. Accordingly, no provision for impairment has been created.

Unrelated parties: The company has established a credit policy under which each new customer is analysed individually for evaluation of credit worthiness before offering company's terms and conditions of payment and delivery. The company limits its exposure to credit risk by establishing maximum payment period of 300 days. Emphasis is laid to deal with countries which have stable economic conditions.

The Company computes an allowance for impairment of trade receivables for unrelated parties based on a simplified approach, that represents its expected credit losses. The Company uses an allowance matrix to measure the expected credit loss of trade receivables. Loss rates are based on actual credit loss experienced over the past 3 years. These loss rates are adjusted with scalor factors to reflect differences between current and historical economic conditions and the management's view of economic conditions over the expected lives of the receivables. Based on the industry practice and business environment in which the entity operates, management considers that the trade receivables are in default (credit impaired) if the payments are more than 365 days past due."

Reconciliation of Loss Allowance Provision – Trade and Other Receivables

(₹ in Lakhs)

Particulars	For the Year Ended 31st March, 2019	For the Year Ended 31st March, 2018
Opening balance	**995.58**	**1,293.76**
Allowance made during the year	45.26	45.26
Trade receivables written off during the year	(315.63)	(207.08)
Provision reversed during the year/collection	-	(136.36)
Closing balance	**725.21**	**995.58**

Cash and Cash Equivalents, Deposits with Banks and Other Financial Instruments

Credit risk from balances with banks and other financial instruments is managed by Company's treasury department in accordance with Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the management, for periodic updation.

Impairment on cash and cash equivalents, deposits and other financial instruments has been measured on the 12-month expected credit loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on external credit ratings of counterparties.

Concentration of Significant Credit Risk

There is no concentration of customer risk so far transactions with non-related parties are concerned.

Exposure to Credit Risk:

The gross carrying amount of financial assets, net of impairment losses recognized represent the maximum credit exposure. The maximum exposure to credit risk as at 31st March, 2019 and 31st March, 2018 was as follows:

(₹ in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Trade receivables	14,926.88	16,215.76
Cash and cash equivalents*	196.97	17.56
Bank balances other than cash and cash equivalents	-	146.45
Loans	16.00	14.05
Bank deposit given as security / margin money*	344.71	345.77
Security deposits	377.84	282.45
Other financial assets	144.24	167.16
	16,006.64	**17,189.20**

* Credit risk on cash and cash equivalents is limited as these are generally held or invested in deposits with banks and financial institutions with good credit ratings.

ii. Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled in cash or exchange of another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficiency of liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The company mitigates liquidity risk by way of formulation of cash budget and comparison of actual cash flows with budget on a continous basis.

(a) Financing Arrangements

As at 31st March, 2019 and 31st March, 2018, the Company had unutilised credit limits from banks of ₹ 11,063.10 Lakhs and ₹ 16,394.00 Lakhs respectively.

(b) Maturities of Financial Liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.

(₹ in Lakhs)

Particulars	As at 31st March, 2019	Contractual cash flows		
		< 1 year	2 to 5 Years	5 years <
Non-Derivative Financial Liabilities				
Borrowings (long term)	30,845.95	-	30,845.95	-
Borrowings (short term)	15,441.04	15,441.04	-	-
Trade payables	22,222.06	22,222.06	-	-
Other current financial liabilities	8,067.49	8,067.49	-	-
Total Non-Derivative Liabilities	**76,576.54**	**45,730.59**	**30,845.95**	**-**

Particulars	As at 31st March, 2018	Contractual cash flows		
		< 1 year	2 to 5 Years	5 years <
Non-Derivative Financial Liabilities				
Borrowings (long term)	30,845.95	-	30,845.95	-
Borrowings (short term)	16,601.15	16,601.15	-	-
Trade payables	16,395.78	16,395.78	-	-
Other current financial liabilities	6,903.68	6,903.68	-	-
Total Non-Derivative Liabilities	**70,746.56**	**39,900.61**	**30,845.95**	**-**

iii. Market Risk

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company does not uses derivatives to manage market risks.

(a) Foreign Currency Risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar (USD) and Euro (EUR). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR).

Majority of the currency risk on receivables for the company is confined to group transactions only and therefore has no bearing in global context on the group. A significant portion of the Company's revenues are in these foreign currencies, while a significant portion of its costs are in Indian rupees. As a result, if the value of the Indian rupee depreciates relative to these foreign currencies, the Company's revenues measured in Indian Rupees may increase.

(₹ in Lakhs)

Particulars	As at 31st March, 2019		As at 31st March, 2018	
Transaction Currency -->	**Euro**	**USD**	**Euro**	**USD**
Financial Assets				
Trade receivables	9,226.80	3,826.20	10,926.31	2,548.27
Financial Liabilities				
Borrowings	3,105.20	-	6,448.00	-
Trade payables	11,194.37	7,585.24	12,440.18	1,685.73
Net Statement of Financial Position Exposure	**(5,072.77)**	**(3,759.04)**	**(7,961.87)**	**862.54**
Conversion Rates	**77.63**	**69.15**	**80.60**	**65.00**

(₹ in Lakhs)

Particulars	As at 31st March, 2019		As at 31st March, 2018	
Transaction Currency -->	**GBP**	**CHF**	**GBP**	**CHF**
Financial Assets				
Trade receivables	-	-	-	-
Financial Liabilities				
Borrowings	-	-	-	-
Trade payables	53.47	1.20	121.30	-
Net Statement of Financial Position Exposure	**(53.47)**	**(1.20)**	**(121.30)**	**-**
Conversion Rates	**90.37**	**69.42**	**92.14**	

Sensitivity Analysis

As below, possible strengthening/ weakening of INR against USD, EURO, GBP & CHF at 31st March, would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

(₹ in Lakhs)

Particulars	Profit or Loss After Tax	
	Strong	**Weak**
31st March, 2019		
USD (2% movement)	(51.72)	51.72
EUR(2% movement)	(69.80)	69.80
GBP(2% movement)	(0.74)	0.74
CHF(2% movement)	(0.02)	-
31st March, 2018		
USD (2% movement)	11.28	(11.28)
EUR(2% movement)	(104.13)	104.13
GBP(2% movement)	(1.59)	1.59

(b) Interest Rate Risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk.

Any rise in market rate of interest effective effecting valuation of financial instruments, financial assets and financial liabilities have been regularly analysed for mitigational measure.

Exposure to Interest Rate Risk

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows.

(₹ in Lakhs)

Particulars	Nominal Amount	
	As at 31st March, 2019	As at 31st March, 2018
Financial Liabilities		
Variable-Rate Instruments		
Short term borrowings	15,441.04	16,601.15
Long term borrowings	30,845.95	30,845.95
Financial Assets		
Fixed-Rate Instruments		
Fixed deposits	344.71	492.22
Security deposit	377.84	282.45
	45,564.44	**46,672.43**

Profit or Loss, Net of Tax

Particulars	50 BP Increase	50 BP Decrease
31st March, 2019		
Variable-rate instruments	(159.23)	159.23
31st March, 2018		
Variable-rate instruments	(155.13)	155.13

Fair Value Sensitivity Analysis for Fixed-Rate Instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

iv. Fiscal Risk

The company does not foresee any material fiscal risk pertaining to its overseas transactions with related parties in respect of which its application for advance pricing agreement is pending before fiscal authorities for years even though authorities make any upward revision of prices. Though overseas transactions with related parties for many years are conducted as per application made for advance pricing agreement, impact of any upward revision of prices of any of the items of out- put is unlikely to give rise to any additional financial liability considering huge carry forward loss and unabsorbed depreciation as per company's income tax return.

v. Commodity Rate Risk

Exposure to market risk with respect to commodity prices primarily arises from the Company's purchases of the raw material components for active pharmaceutical ingredients that includes purchases of platinum. These are commodity products, whose prices may fluctuate significantly over short periods of time. The cost of the Company's raw materials generally fluctuate in line with commodity cycles, although the prices of raw materials used in the Company's active pharmaceutical ingredients business are generally more volatile. Cost of raw materials forms a large portion of the Company's cost of revenues. Commodity price risk exposure is evaluated and managed through operating procedures and sourcing policies. As of 31st March, 2019, the Company had not entered into any material derivative contracts to hedge exposure to fluctuations in commodity prices.

38: Related Party Disclosures

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 Latin America	Fresenius Kabi Brazil Ltda.
	Fresenius Kabi Chile Ltda.	SGS Institut Fresenius GmbH
	Novapharma Industria Farmaceutica LTDa	Fresenius Kabi México S.A. de C.V.
	Hyginus Publisher GmbH	Fresenius Kabi Ilac Sanayi ve
	Fresenius Kabi Asia Pacific Ltd.	Fresenius Kabi India Private Ltd.
	Fresenius Netcare GmbH Germany	Fresenius Kabi USA LLC
	Fresenius Kabi (Thailand) Ltd.	Fresenius Kabi AB Sweden
	Fresenius Kabi Oncology Plc UK	Fresenius Kabi Taiwan
	Fresenius Kabi Norge AS	Fresenius Kabi Colombia S.A.S
	Corporacion Farmaceutica Medisumi	Fresenius Kabi iPSUM
	PT Ethica industri Faemasi	Fresenius Kabi Malaysia Sdn Bhd
	Fresenius Kabi (WUHAN)	Fresenius Kabi S.A ,Argentina
B) Other Related Parties in transactions		
Key management personnel	Maria Gobbi, Managing Director (upto 30th June, 2018)	
	Arvind Kumar Sharma, Managing Director (w.e.f. 1st July, 2018)	
	Nikhil Kulshreshtha, Company Secretary & Director	
	Sandeep Kumar Chotia, CFO	
Directors	Rakesh Bhargava, Chairman (upto 30th April, 2018). Subsequently appointed as Non-Executive Director (w.e.f 1st May, 2018) Maria Gobbi, Chairperson (w.e.f 1st July, 2018) Dilip G.Shah, Non-Executive Independent Director (upto 22nd February, 2019) Rajiv Lochan Jain, Non-Executive Independent Director Michael Schonhofen, Non-Executive Director Steffen Georg Roser, Non-Executive Director Karsten Peter Lerch, Non-Executive Director	

Note: The above parties have been identified by the management.

A. Transaction during the year:

(₹ in Lakhs)

Particulars		For the Year Ended 31st March, 2019	For the Year Ended 31st March, 2018
Sale of Goods			
Fresenius Kabi Deutschland GmbH	Other/ immediate holding entity	7,556.59	5,922.53
Fresenius Kabi Oncology Plc UK	Fellow subsidiary	16,303.33	16,018.48
Fresenius Kabi Asia Pacific Ltd	Fellow subsidiary	10,124.22	9,237.90
Fresenius Kabi India Pvt. Ltd.	Fellow subsidiary	4,304.79	6,500.83
Fresenius Kabi USA, LLC	Fellow subsidiary	2,390.56	1,060.28
Fresenius Kabi Chile Ltda.	Fellow subsidiary	1,919.66	1,984.51
Other fellow subsidiaries	Fellow subsidiaries	1,859.05	1,459.37
Total		**44,458.20**	**42,183.90**
Service provided			
Fresenius Kabi Deutschland GmbH	Other/ immediate holding entity	12,183.21	18,539.77
PT Ethica Industri Faemasi	Fellow subsidiary	20.59	79.19
Total		**12,203.80**	**18,618.96**
Scrap Sales			
Fresenius Kabi USA, LLC	Fellow subsidiary	28.98	-
Fresenius Kabi India Pvt. Ltd.	Fellow subsidiary	0.21	-
Total		**29.19**	**-**
Purchase			
Fresenius Kabi India Pvt. Ltd.	Fellow subsidiary	0.37	0.97
Fresenius Kabi iPSUM	Fellow subsidiary	-	47.13
Fresenius Kabi Austria GmbH	Other/ immediate holding entity	1.93	-
Fresenius Kabi USA, LLC.	Fellow subsidiary	17.62	-
Total		**19.92**	**48.10**
Receiving of Services			
Fresenius Kabi Deutschland GmbH#	Other/ immediate holding entity	6,783.48	937.21
Fresenius Kabi Netcare, GmbH	Fellow subsidiary	756.20	395.52
Other fellow subsidiaries	Fellow subsidiaries	190.27	73.03
Total		**7,729.95**	**1,405.76**

does not include ₹ 1,915.37 (previous year ₹ Nil) towards accrual of expenses made at year end

(₹ in Lakhs)

Particulars		For the Year Ended 31st March, 2019	For the Year Ended 31st March, 2018
Reimbursement of Expenses Received (Other Income)			
Fresenius Kabi Deutschland GmbH	Other/ immediate holding entity	2,744.06	2,242.20
Total		**2,744.06**	**2,242.20**
Reimbursement of Expenses Received (net off from Other Expenses)			
Fresenius Kabi Deutschland GmbH	Other/ immediate holding entity	203.35	237.75
Fresenius Kabi AG	Other/ immediate holding entity	-	0.49
Fresenius Kabi Netcare., GmbH	Fellow subsidiaries	65.88	40.18
Other fellow subsidiaries	Fellow subsidiaries	30.52	69.29
Total		**299.75**	**347.71**
Reimbursement of Expenses Paid			
Fresenius Kabi Deutschland GmbH	Other/ immediate holding entity	14.57	104.65
Fresenius Kabi Austria GmbH	Other/ immediate holding entity	38.85	-
Fresenius Kabi Oncology Plc UK	Fellow subsidiaries	256.83	203.05
Other fellow subsidiaries	Fellow subsidiaries	49.68	16.53
Total		**359.93**	**324.23**
Remuneration of Key Management Personnel			
Salaries, wages and bonus (refer note below)		344.30	295.90
Contribution to provident and other funds		16.75	38.74
Directors sitting fees		29.00	29.00
Total		**390.05**	**363.64**
Interest Expense			
Fresenius Kabi AG	Other/ immediate holding entity	2,550.78	2,402.77
Fresenius Kabi Deutschland GmbH	Other/ immediate holding entity	98.66	526.62
Total		**2,649.44**	**2,929.39**

B. Balance Outstanding:

(₹ in Lakhs)

Particulars		As at 31st March, 2019	As at 31st March, 2018
Loan Outstanding			
Fresenius Kabi AG	Other/ immediate holding entity	30,845.95	30,845.95
Total		**30,845.95**	**30,845.95**
Account Receivable			
Fresenius Kabi Deutschland GmbH	Other/ immediate holding entity	4,716.41	4,186.16
Fresenius Kabi Asia Pacific Ltd	Fellow subsidiaries	3,035.60	2,775.76
Fresenius Kabi India Pvt. Ltd.	Fellow subsidiaries	1,637.45	2,751.90
Fresenius Kabi Chile Ltda.	Fellow subsidiaries	689.81	1,488.43
Fresenius Kabi Oncology PLC	Fellow subsidiaries	691.87	1,485.07
Fresenius Kabi USA, LLC	Fellow subsidiaries	1,062.15	434.87
Fresenius Kabi Colombia S.A.S	Fellow subsidiaries	400.54	323.14
Fresenius Kabi Latin America	Fellow subsidiaries	127.60	314.43
Other fellow subsidiaries	Fellow subsidiaries	212.57	165.23
Total		**12,574.00**	**13,924.99**
Account Payable			
Fresenius Kabi Deutschland GmbH	Other/ immediate holding entity	16,633.08	11,339.24
Other fellow subsidiaries	Fellow subsidiaries	285.65	257.12
Total		**16,918.73**	**11,596.36**
Interest Payable			
Fresenius Kabi AG	Other/ immediate holding entity	541.77	502.03
Fresenius Kabi Deutschland GmbH	Other/ immediate holding entity	567.43	500.11
Total		**1,109.20**	**1,002.14**
Gauranties furnished against bank loan obtained by company holding entity		19,704.41	27,140.34

Note : All outstanding balances are unsecured and repayable/receivable in cash.

Some of the key management personnel of the Company are also covered under the Company's gratuity plan / company's leave policy along with the other employees of the Company. Proportionate amounts of gratuity / leave accrued under the Company's gratuity plan / leave Policy have not been separately computed or included in the above disclosure.

39: Disclosure in Respect of Employee Benefits under Indian Accounting Standard (IND AS) - 19 "Employee Benefits" are given below:

i) Defined Contribution Plan

Employers' contribution towards provident fund amounting to ₹ 475.43 (previous year ₹ 439.21) is recognized as an expense and included in employee benefit expenses note no 29.

ii) Defined Benefit Plan

Gratuity

The company provides for gratuity, a defined benefit retirement plan covering eligible employees. The gratuity plan provides lump sum payments to vested employees at retirement, death, incapacitation or termination of employment, of an amount equivalent to 15 days salary for each completed year of service. Vesting occurs on completion of 5 continuous years of service as per Indian law. However, no vesting condition applies in case of death.

The company makes contributions to LIC, through a trust which is funded defined benefit plan for qualifying employees. Expected contributions to gratuity plans for the year 2019-20 are ₹ 235.42 Lakhs.

(iii) Long-Term Employee Benefit Plan

Compensated Absences

Employee is entitled to leave encashment to the extent of accumulated leave for a period not exceeding 60 days. Quantum of benefit remains in terms of salary and concerned employee at the point of availment of benefit on his part. Employees are also entitled to sick leave for each annual period and as per company policy the employees can carry forward a certain portion of un-utilised leaves to the next years.

(₹ in Lakhs)

A.	Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
		31st March, 2019	31st March, 2018	31st March, 2019	31st March, 2018
	Change in the Present Value of Obligation				
	Balance at the Beginning of the Year	**1,830.79**	**1,483.76**	**794.31**	**786.84**
	Benefits paid	(78.81)	(58.62)	(102.01)	(188.75)
	Current service cost	263.81	238.65	188.95	236.13
	Interest cost	132.35	99.95	56.83	52.57
	Past service cost	-	-	-	-
	Actuarial (Gains) Losses Recognised in Profit and Loss:				
	-Changes in demographic assumptions	-	-	(50.88)	-
	-Changes in financial assumptions	-	-	(76.28)	(34.95)
	-Experience adjustments	-	-	(49.42)	(57.53)
	Actuarial (Gains) Losses Recognised in OCI:				
	-Changes in demographic assumptions	(109.31)	-	-	-
	-Changes in financial assumptions	(188.24)	(81.90)	-	-
	-Experience adjustments	(10.39)	148.95	-	-
	Balance at the End of the Year	**1,840.21**	**1,830.79**	**761.50**	**794.31**

B.	Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
		31st March, 2019	31st March, 2018	31st March, 2019	31st March, 2018
	Change in the Fair Value of Plan Asset				
	Balance at the Beginning of the Year	**1,264.85**	**935.32**	**-**	**-**
	Contributions paid into the plan	223.55	322.14	-	-
	Benefits paid	(78.81)	(58.62)	-	-
	Expected return on plan asset	95.50	65.47	-	-
	Acturial gain/(loss) on planned assets	(8.88)	0.54	-	-
	Balance at the End of the Year	**1,496.21**	**1,264.85**	**-**	**-**
	Net Defined Benefit (Liability)	**344.00**	**565.94**	**761.50**	**794.31**

(₹ in Lakhs)

C.	Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
		31st March, 2019	31st March, 2018	31st March, 2019	31st March, 2018
	i. Expense Recognized in Profit or Loss				
	Current service cost	263.81	238.65	188.95	236.13
	Interest cost	132.35	99.95	56.83	52.57
	Acturial (gain)/loss	-	-	-	(92.48)
	Expected return on plan assets	(95.50)	(65.47)		
	Total	**300.66**	**273.13**	**245.78**	**196.22**
	ii. Remeasurements Recognised in OCI				
	Actuarial (gains) losses recognised in OCI				
	- changes in demographic assumptions	(109.31)	-	-	-
	- changes in financial assumptions	(188.24)	(81.90)	-	-
	- experience adjustments	(10.39)	148.94	-	-
	Return on plan assets excluding interest income	8.88	(0.54)	-	-
	Total	**(299.06)**	**66.50**	**-**	**-**

D.	Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
		31st March, 2019	31st March, 2018	31st March, 2019	31st March, 2018
	Amount recognised in the Balance Sheet (A - B)				
	Short term provision	-	-	103.58	83.27
	Long term provision	344.01	565.95	657.91	711.04
	Total	**344.01**	**565.95**	**761.49**	**794.31**

Plan Assets

Plan assets comprise of the following:

	Particulars	31st March, 2019	31st March, 2018	31st March, 2017
	Equities	0%	0%	0%
	Bonds	0%	0%	0%
	Gilts	0%	0%	0%
	Pooled assets with an insurance company	100%	100%	100%
	Others	0%	0%	0%
	Total	**100%**	**100%**	**100%**

E. Plan Assets

Fresenius Kabi Oncology Limited assets are managed by the Life Insurance Corporation of India, the total assets held as on 31st March, 2019 is ₹ 1,496.21 lakhs with a funding ratio of 81.36% which is higher that the industry average of 50%.

F.	Actuarial Assumptions	Gratuity (Funded)		Leave Encashment (Unfunded)	
		31st March, 2019	31st March, 2018	31st March, 2019	31st March, 2018
	Economic assumptions:				
	Discount rate (per annum)	7.15%	7.55%	7.15%	7.55%
	Future salary increase	12.00%	14.00%	12.00%	14.00%
	Demographic assumptions:				
	Retirement age (years)	60	60	60	60
	Mortality rates inclusive of provision for disability	IALM (2006-08)			
	Withdrawl rate (%)	14.00%	12.00%	14.00%	12.00%

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 6.70 years (31st March, 2018: 7.67 years).

G. Sensitivity Analysis of the Defined Benefit Obligation

a) Impact of the Change in Discount Rate (₹ in Lakhs)

	Particulars	Gratuity		Leave Encashment (Unfunded)	
		31st March, 2019	31st March, 2018	31st March, 2019	31st March, 2018
	Present value of obligation at the end of the period	1,840.21	1,830.79	761.50	794.31
	Discount rate - 100 basis points	1,962.99	1,984.57	823.97	859.96
	Discount rate + 100 basis points	1,731.11	1,696.75	707.61	737.19

b) Impact of the Change in Salary Increase

	Particulars	Gratuity		Leave Encashment (Unfunded)	
		31st March, 2019	31st March, 2018	31st March, 2019	31st March, 2018
	Present value of obligation at the end of the period	1,840.21	1,830.79	761.50	794.31
	Rate - 100 basis points	1,734.69	1,702.82	710.65	740.86
	Rate + 100 basis points	1,956.27	1,973.95	819.26	855.42

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liabiltiy recognised in the balance sheet.
The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

H. Risk Exposure

Investment Risk-The funds are invested by LIC and they provide returns basis the prevalent bond yields, LIC on an annual basis requests for contributions to the fund, while the contribution requested may not be on the same interest rate as the bond yields provided, basis the past experience it is low risk.

Interest Risk-LIC does not provide market value of assets, rather maintains a running statement with interest rates declared annually- the fall in interest rate in not therefore offset by increase in value of bonds, hence may pose a risk.

Longevity Risk-Since the gratuity payment happens at the retirement age of 60, longevity impact is very low at this age, hence this is a non risk.

Salary Risk-The liability is calculated taking into account the salary increase, basis our past experience with fresenius-kabi salary increases with the assumptions used, they are in line, hence this risk is low.

I. Maturity Profile of Defined Benefit Obligation

(₹ in Lakhs)

Particulars	Year Ended 31st March, 2019 Gratuity (funded)	Year Ended 31st March, 2018 Gratuity (funded)
Year 1	235.42	155.66
Year 2-5	840.20	712.66
Beyond 5	764.59	962.48

40: Segment Reporting

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the company's components, and for which discrete financial information is available. All operating segments' and operating results are reviewed regularly by the company's Managing Director to make decisions about the resources to be allocated to the segments and assess their performance.

The company has three reportable segments, as described below which are the company's strategic business units. These business units offer different products and services and are managed separately because they require different technology and marketing strategies. For each of the business units, the Managing Director conducts monthly/quarterly review of the consolidated MIS which consists of the discrete financial information in respect of each of the business units.

A. The Following Summary Describes the Operations in Each of the Reportable Segments:

Reportable Segments	Operations
Bulk Drug	Producing bulk drugs, considerable share of which is for captive consumption
Formulation	Producing generic products
Contract R&D	Developing next generation cytotoxic, cytostatic and targeted therapies

Segment information is presented in respect of the company's key operating segments. The operating segments are based on the company's management and internal reporting structure.

The company's Managing Director has been identified as the Chief Operating Decision Maker ('CODM'), since he is responsible for all major decision w.r.t. the preparation and execution of business plan, preparation of budget, planning, alliance, joint venture, merger and acquisition, and expansion of any new facility.

The Mangement reviews the operating results of "manufacturing of Bulk drugs, formulation and research and development activities" at Company level to assess its performance. Accordingly, there are Three Reportable Segments for the Company which are "Formulation", "Bulk Drug" and "Contract R &D", hence specific disclosures have been made.

(₹ in Lakhs)

Particulars	For the Year Ended 31st March, 2019				For the Year Ended 31st March, 2018			
	Bulk Drug	Formulation	Contract R&D	Total	Bulk Drug	Formulation	Contract R&D	Total
Revenue:								
External revenue	6,935.70	46,092.07	12,198.40	65,226.17	3,752.71	47,218.21	14,204.17	65,175.10
Inter-segment revenue	17,760.71	(16,860.41)	(900.30)	-	23,210.92	(22,565.39)	(645.53)	-
Total revenue	**24,696.41**	**29,231.66**	**11,298.10**	**65,226.17**	**26,963.63**	**24,652.82**	**13,558.64**	**65,175.10**
Results:								
Segment result	428.22	5,087.23	3,349.04	8,864.49	405.90	3,284.34	2,797.59	6,487.83
Unallocated corporate income				1,521.25				6,019.97
Unallocated corporate expenses				3,534.39				3,431.83
Operating profit				**6,851.35**				**9,075.97**
Unallocated finance charges				2,761.88				3,220.16
Profit from ordinary activities				**4,089.47**				**5,855.81**
Less: exceptional items	3,543.41	5,831.91	847.25	10,222.57	1,793.98	2,219.35	-	4,013.33
Profit/(loss) before tax				**(6,133.10)**				**1,842.48**
Tax expense (current & deferred)				740.91				115.91
Profit/(loss) after tax				**(5,392.19)**				**1,958.39**

Other Information:

(₹ in Lakhs)

Particulars	For the Year Ended 31st March, 2019				For the Year Ended 31st March, 2018			
	Bulk Drug	Formulation	Contract R&D	Total	Bulk Drug	Formulation	Contract R&D	Total
Other information:								
Segment assets	49,219.56	57,389.23	11,363.94	117,972.73	43,022.74	64,093.93	11,251.26	118,367.93
Unallocated corporate assets				4,961.77				4,705.75
Total assets				**122,934.50**				**123,073.68**
Segment liabilities	28,885.44	11,976.29	2,213.38	43,075.10	26,442.69	6,718.45	2,575.22	35,736.36
Corporate liability				39,130.69				41,520.28
Total liabilities				**82,250.51**				**77,256.64**
Capital expenditure	2,105.15	1,569.40	1,494.77	5,169.32	1,865.84	1,442.72	1,447.78	4,756.34
Unallocated capital expenditure				118.27				155.40
Depreciation	1,655.86	2,524.86	1,139.37	5,320.09	1,846.57	2,373.44	1,046.38	5,266.39
Unallocated depreciation				98.35				159.45
Amortisation of intangible assets		44.02		44.02	-	57.23	-	57.23

B. Geographical Information

The bulk drug, formulation and Contract R&D segments are managed in India but majority of the revenue from sale of good and services is generated from abroad. Major customers and vendors are located in Germany, Netherlands, UK, etc.

The geographical information analyses the company's revenues and non current assets by the company's country of domicile (i.e. India) and other countries. In presenting the geographical information, segment revenue has been based on the geographic location of customers and segment assets which have been based on the geographical location of assets.

(₹ in Lakhs)

i)	Revenues	31st March, 2019	31st March, 2018
	India (A)	**9,071.83**	**11,200.64**
	Other countries:		
	Germany	16,135.42	24,462.30
	United States of America	5,994.94	1,145.20
	United Kingdom	16,303.34	16,018.38
	Hong Kong	8,981.82	9,392.39
	Pakistan	1,399.79	2,124.15
	Chile	1,919.66	1,964.43
	Taiwan	1,172.68	-
	Colombia	783.03	416.82
	Others	4,194.27	3,893.40
	Total other countries (B)	**56,884.95**	**59,417.07**
	Total (A+B)	**65,956.78**	**70,617.71**

ii)	Non-Current Assets	31st March, 2019	31st March, 2018
	India	51,996.65	52,448.41
	Other countries:	-	-
	Total	**51,996.65**	**52,448.41**

C. Major Customer- Details of Revenue from Single customer exceeding 10% of total revenue of the company

Revenue from one customer of the company's formulation segment based in UK is ₹ 16,303.34 Lakhs which is more than 10% of the company's total revenue.

41: Leases

A. The Company's significant leasing arrangements are in respect of operating leases of premises for offices and residential accomodation. These leasing arrangements, which are not non-cancellable, are typically for a period of 11 months to 60 months and are usually renewable on mutually agreeable terms. The minimum future lease payment are based on actual contracted payment. The future minimum lease payable is:

(₹ in Lakhs)

Future Minimum Lease Payment	As at 31st March, 2019	As at 31st March, 2018
Up to 1 year	679.72	678.73
Later than one year and not later than 5 years	1,713.91	1,698.02
Later than five years	-	-
Total	**2,393.63**	**2,376.75**

During the year, the company has recognised ₹ 717.33 (Previous year ₹ 684.06) relating to all leases in the statement of profit and loss.

B. The company has taken 61.943 acres land on lease in Kalyani for 999 years. The company has made an upfront payment of amount ₹ 278.09 Lakhs and no further annual rentals are paid.

42: Due to Micro & Small Enterprises Within the Meaning of Micro, Small & Medium Enterprises Development Act, 2006 shown under Creditors for Goods

During the year, the Company has carried out an extensive study to identify suppliers belonging to Micro and Small catagory under MSMED Act, 2006 on the basis of information available with the company or declaration to the effect made by such parties in their invoices / challans as mandated for them under Statute.

The interest amount computed based on the provisions under Section 16 of the MSMED is ₹ Nil (31st March, 2018: ₹ Nil) is remaining unpaid as of 31st March, 2019.

The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specifi ed under this Act is ₹ Nil (31st March, 2018: ₹ Nil).

The list of undertakings covered under MSMED was determined by the Company on the basis of information available with the Company and has been relied upon by the auditors.

43: Restructuring Programme

During the previous year 2017-18, the company had announced a restructuring program and had recognized provisions for severance payments and related employment termination costs related to affected employees amounting to ₹ 289.88 and the same was presented as 'Exceptional items – Restructuring Provisions. Below is the movement of restructuring provision during the year:

(₹ in Lakhs)

Particulars	Amount
Opening balance as at 1st April, 2018	289.88
Utilised during the year	(36.39)
Reversed during the year (due to change in estimate) - disclosed under "Exceptional Items"	(93.58)
Closing balance as at 31st March, 2019	159.91

44: Disclosure as per IND AS 36 'Impairment of Assets'

(₹ in Lakhs)

As required by Ind AS 36, an assessment of impairment of assets was carried out and based on such assessment, the Company has accounted impairment losses as under:

A During the previous year 2017-18, the Company had recognized an impairment loss of ₹ 1,929.47 due to shifting of one plant in Baddi. During the year, the company has stopped the manufacturing operations of the said plant and started dismantling/ selling the assets impaired previous year. During this process, the company has re-estimated the recoverable value of these assets based on the fair value determined by an indepedent valuer and have recognized an additional impairment charge of ₹ 369.55 during the year. The same has been presented as 'Exceptional items - Impairment of Property, plant and equipment resulting from restructuring' in the Statement of Profit and Loss.

B During the previous year 2017-18, the company had impaired certain items of Capital Work in Progress ("CWIP") of KETO Project amounting to ₹ 519.07 owing to lack of commercial feasibility of the project. During the current year 2018-19, the company could identify some vendors for purchases of these assets for consideration of ₹ 155.01 and re-capitalized assets of ₹ 32.04. The provision for impairment has been reversed during the year amounting to ₹ 187.05. The same has been presented as "Exceptional Items".

C During the year 2018-19, the company had impaired certain items of Capital Work in Progress ("CWIP") of Temozolamide Project amounting to ₹ 847.25 owing to lack of commercial feasibility of the project. The same has been presented as "Exceptional Items".

45: Exceptional Item

(₹ in Lakhs)

	Particulars	2018-19		2017-18	
		Expenses/ (Credits)	Expenses/ (Credits)	Expenses	Expenses
a)	"Aggregate cost incurred during the year - Remedial measures (consultancy cost including related expenses towards same)"				
	- Kalyani unit	3,730.47		1,274.91	
	- Baddi unit	5,555.93	9,286.40	-	1,274.91
b)	Restructuring provision - charge / (reversal) (refer note no 43)		(93.58)		289.88
c)	Impairment charge				
	- Impairment of property plant & equipment resulting from restructuring (refer note no 44 A)	369.55		1,929.47	
	- Reversal of impairment of CWIP (refer note 44 B)	(187.05)		519.07	
	- Impairment of CWIP (Temozolamide) (refer note 44 C)	847.25	1,029.75	-	2,448.54
	Total Expenses		**10,222.57**		**4,013.33**

46: Capital Work in Progress : Bearer Plantation

(₹ in Lakhs)

Particulars	As on 31st March, 2019		As on 31st March, 2018	
	No. of Sapling	Amount	No. of Sapling	Amount
Plantation in progress (forming part of CWIP in note no. 4):				
Phase-4 Plantation (2012)	128,000	147.26	128,000	131.57
Phase-5 Plantation (2013)	93,000	114.12	93,000	116.09
Cutting activity	155,000	53.06	155,000	22.23
Total		**314.44**		**269.89**

47: Revenue from Operations:

Impact of Adopting Ind AS 115 in the Financial Year 2018-19

Ind AS 115 Revenue from Contracts with Customers has been adopted by the Company from 1st April, 2018

The company implemented the new standard Ind AS 115 Revenue from Contracts with Customers as of 1st April, 2018. The new standard amends revenue recognition requirements and establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The standard replaces Ind AS 18 Revenue and Ind AS 11 Construction contracts. The impacts of adoption of the new standard are summarized below:

- The company's "Revenue from Operations" are derived from the sale injectables, oral cytotoxics, cytostatics, intermediates, Active Pharmaceutical Ingredients (APIs), and Contract based Research and Development activities where control transfers to our customers and our performance obligations are satisfied at the time of shipment to or receipt of the products by the customer or when the services are performed. The adoption of Ind AS 115 did not significantly change the timing or amount of revenue recognized under these arrangements.
- The company's "Other Operating Income" consists of scrap sales and income on account of government grant. For scrap sale, revenue is recognised when the control transfers to our customers and our performance obligations are satisfied at the time of shipment to or receipt of the products by the customer. For policy for recognition of income resulting from government grant, refer accounting policy on Government subsidy / grant. The adoption of Ind AS 115 did not significantly change the timing or amount of revenue recognized from these activities.
- The Company receives contingent consideration from Fresenius Kabi Deutschland GmbH as an adjustment to the sale price against Revenue from sale of goods. The value of this consideration is determined based on cost of production of the company. Such contingent consideration was being classified as "Sale of Service" upto the year ended March 31, 2018. Upon implementation of Ind AS 115, such amount has been identified as a variable consideration for sale of goods of the company. "

  There was no impact on the retained earnings as at 1st April, 2018, resulting from transition to Ind AS 115.

  The amount by which the line items in the 31st March, 2019, Statement of Profit and Loss and Statement of Cash Flow were affected by the application of Ind AS 115 Revenue from Contracts with Customers, as compared to IAS 18 Revenues, was not significant.

Disaggregation of Revenue

Nature of Goods and Services

(₹ in Lakhs)

Particulars	Year Ended 31st March, 2019
Revenue from sale of goods	
API	6,778.27
Formulation	44,273.46
Revenue from services	
R&D	11,450.52
Others	753.29
Total revenue from operation	**63,255.54**

Geography

Particulars	Year Ended 31st March, 2019
Asia	19,117.85
United Kingdom	16,303.33
Rest of Europe	17,003.33
North America	6,472.64
South America	3,281.90
Africa	1,076.49
Total revenue	**63,255.54**

Timing of Revenue Recognition

(₹ in Lakhs)

Particulars	Year Ended 31st March, 2019
Transferred at the point in time	51,051.74
Transferred over time	12,203.80
Total	**63,255.54**

Related Party

Particulars	Year Ended 31st March, 2019
Related party	56,662.01
Third party	6,593.53
Total	**63,255.54**

A. Contract Balances:

1 The company does not have any contract assets & contract liabilities under Contract with cutomers as on 1st April, 2018 and 31st March, 2019.

2 The company have receivables from Contract with cutomers as on 1st April, 2018 and 31st March, 2019. Refer note 10 for Receivable for contract with customers.

3 The payment terms of revenue contracts of the company does not have any significant financing component as the credit period generally varies upto 300 days. The duration of the contracts of the company is generally less than one year.

B. Performance Obligation

1 The company revenue contracts have only one performance obligation which is fulfilled either upon shipment or upon delievery in case of sale of goods and in case of services performance obligations are satisfied as the services are rendered.

2 The impact on account of applying the erstwhile Ind AS 18 Revenue instead of Ind AS 115 Revenue from contract with customers on the financials results of the Company for the year ended and as at 31st March, 2019 is insignificant.

48: New Standards and Interpretations Not Yet Adopted

"Ind AS 116 Leases : On 30th March, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after 1st April, 2019. The standard permits two possible methods of transition:

- Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

Certain practical expedients are available under both the methods.

On completion of evaluation of the effect of adoption of Ind AS 116, the Company is proposing to use the 'Modified Retrospective Approach' for transitioning to Ind AS 116, and take the cumulative adjustment to retained earnings, on the date of initial application (1st April, 2019). Accordingly, comparatives for the year ended 31st March, 2019 will not be retrospectively adjusted. The Company has elected certain available practical expedients on transition.

The company is currently evaluating the impact of the above mentioned pronouncement."

"Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments: On 30th March, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition - i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after 1st April, 2019. The Company will adopt the standard on 1st April, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. 1st April, 2019 without adjusting comparatives.

The effect on adoption of Ind AS 12 Appendix C would be insignificant in the financial statements."

"Amendment to Ind AS 12 – Income taxes: On 30th March, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after 1st April, 2019. The Company is currently evaluating the effect of this amendment on the financial statements."

"Amendment to Ind AS 19 – plan amendment, curtailment or settlement- On 30th March, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after 1st April, 2019. The Company does not have any impact on account of this amendment."

For and on Behalf of the **Board of Directors of Fresenius Kabi Oncology Limited**

Maria Gobbi
Chairperson
DIN: 07005222

Arvind Kumar Sharma
Managing Director
DIN:08144338

Nikhil Kulshreshtha
Director & Secretary
DIN: 07178027

Sandeep Kumar Chotia
Chief Financial Officer

Place: Geneva, Switzerland
Date: 10th May, 2019

For **VMT & Co. LLP**
Chartered Accountants
Firm Registration No. N500048

Vanit Kumar Mittal
Partner
Membership No. 505709

Place: Gurugram, India
Date: 10th May, 2019

FRESENIUS KABI ONCOLOGY LIMITED

FRESENIUS KABI

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