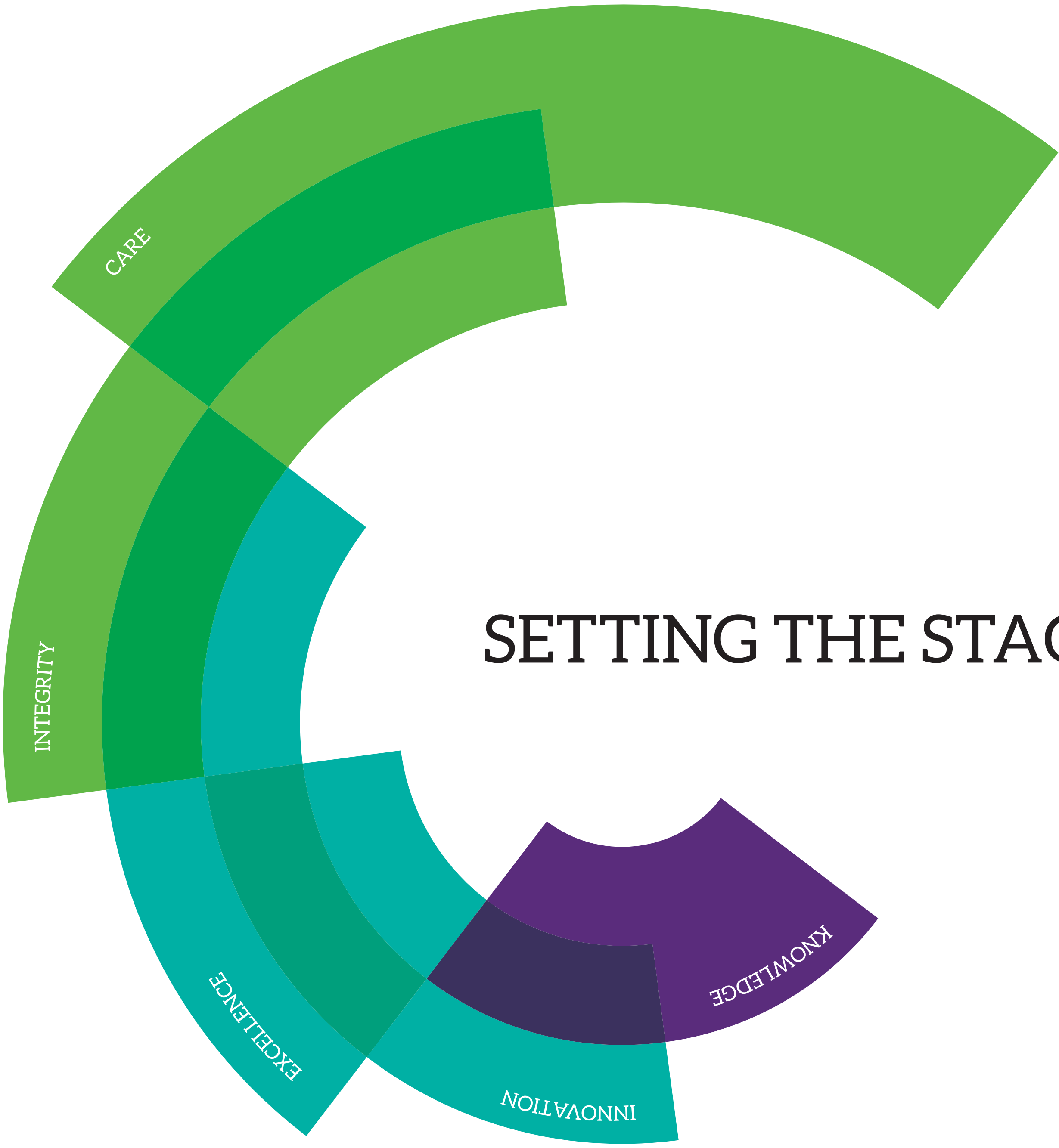


SETTING THE STAGE!

CONTENTS

FORWARD-LOOKING STATEMENT

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

SETTING THE STAGE

We are setting the stage for a higher growth trajectory and value creation by helping our clients and improving the access to quality and affordable healthcare globally.

In a rapidly evolving pharmaceutical sector, we have grown consistently to become one of the leading manufacturers of Active Pharmaceutical Ingredients (APIs) for anti-retroviral (ARV), oncology, cardio-vascular and anti-diabetic segments. Our vision is to emerge as one of the leading pharmaceutical players globally, which is why we are creating the foundation to support our ambition for accelerated growth.

During FY2014-15, we took multiple initiatives in this direction.

We enhanced our capacities, enriched our product portfolio, strengthened our talent pool and reinforced our financial sustainability.

We also forayed into unexplored markets and strengthened the confidence of our existing clients for more businesses.

The confidence that investors have reposed in us vindicate the strength of our business model and the ability to grow sustainably. Our balanced portfolio has the potential to drive our future growth. Nevertheless, we are consistently innovating to serve unmet industry needs, while at the same time maintaining the highest standards of quality, integrity, ethics and compliance.

We are setting the stage for a higher growth trajectory and value creation by helping our clients and improving the access to quality and affordable healthcare globally.

GAINING MOMENTUM

Starting our journey in FY2005, we have had encouraging progress in a decade. Today, we are among the world's leading manufacturers of active pharmaceutical ingredients (API), catering to the requirements of several Indian and global pharmaceutical companies. We produce quality products and services across various therapeutic areas, helping thousands of people across the world to lead a healthy life.

Our headquarters are in Hyderabad, with two manufacturing facilities in India (Visakhapatnam) and a state-of-the-art R&D Centre at IKP Knowledge Park, Hyderabad. We employ more than 1,800 people, who help us in our pursuit to achieve faster growth, while maintaining the highest level of integrity, ethics and compliance.

Consistent innovation helps us create differentiated value for our customers. Our strong focus on Research & Development (R&D) is reflected in our R&D Centre with 50+ laboratories. Our R&D backbone helps us develop products and solutions to serve unmet patient needs.

VALUE PARADIGM

- State-of-the-art infrastructure and facilities with highly capable personnel
- Strong work ethic driven by sound systems and best practices, high quality standards; and emphasis on delivery and a strong focus on IP
- Robust business model built on being a strategic partner to the client and not merely a service provider
- Value creation through innovative science, customer-centric approach and cost effectiveness

50+
Number of R&D laboratories

₹ 4,020mn
Of investment made by private equity players in the last three years

500+
Members in the R&D team

1,800+
Team size

32
Countries in which we are present

47
Number of APIs manufactured

The figures are as on March 31, 2015.

OUR BUSINESS DIVISIONS

Generics API

We are one of the global leaders in manufacturing the in-house range of APIs and related intermediates. Our qualitative and diverse portfolio covers therapies like anti-retrovirals, oncology, cardiovascular and anti-diabetic, among others.

Ingredients

We are developing and manufacturing pure, well-characterised specialty ingredients in nutraceutical or dietary supplements and cosmeceutical segment.

Generics FDF

We are forward integrating into finished dosage forms (FDF) to create more value. It is generated through our cost-effective processes and large capacities in the API business for our customers.

Synthesis

This represents an integral part of our business, where our offering covers process commercialisation, improvement, optimisation and other process chemistry related services for New Chemical Entities (NCEs).

FINANCIAL PERFORMANCE

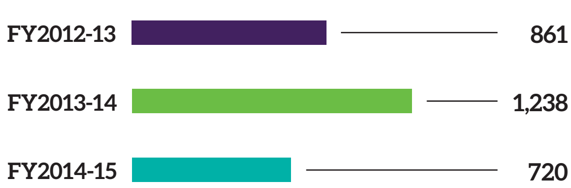
Laurus Labs has positive momentum across its portfolio and is delivering value for all stakeholders - society, vendors, customers and shareholders. We integrate economic success with responsible business conduct to achieve sustainable financial performance and ensure transparency and reliability of financial information. We are committed to fair, timely and on-going disclosures as a means to achieve high levels of management transparency.

14%
Growth in gross income

NET SALES
(₹ million)

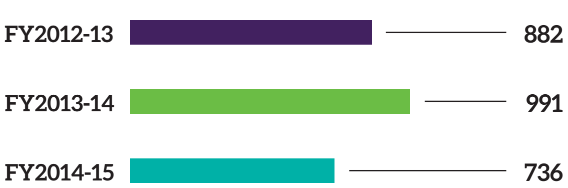
The Net Sales grew from ₹ 11,597 million in FY2013-14 to ₹ 13,263 in FY2014-15 showing a growth of 14%.

PROFIT BEFORE TAX
(₹ million)



Profit before tax fell from ₹ 1,238 million in FY2013-14 to ₹ 720 million in FY2014-15.

PAT
(₹ million)



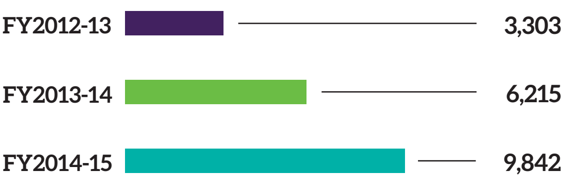
Profit after tax fell from ₹ 991 million in FY2013-14 to ₹ 736 million in FY2014-15.

CASH PROFIT
(₹ million)

Cash Profit stood at ₹ 1,333 million in FY2014-15 as compared to 1,566 million in FY2013-14.

GROSS BLOCK

(₹ million)



Gross block addition stood at ₹ 9,842 million in FY2014-15 from ₹ 6,215 million in FY2013-14.

DEBT-EQUITY RATIO

Debt-equity ratio stood at 1.13 in FY2014-15 as against 1.51 in FY2013-14.

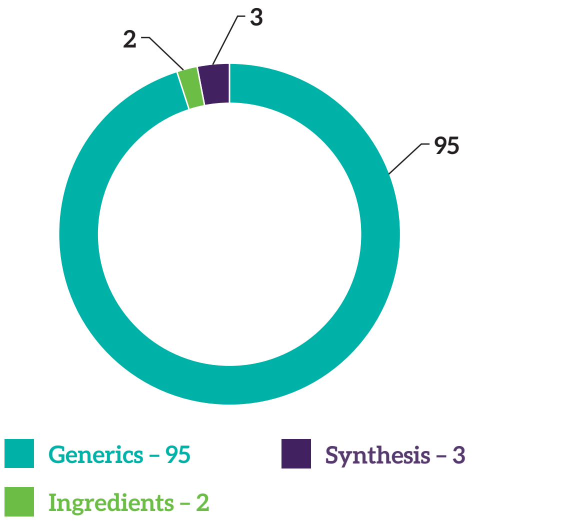
EARNINGS PER SHARE

(₹)

EPS stood at ₹ 48 in FY2014-15 as against ₹ 65 in FY2013-14.

REVENUE MIX

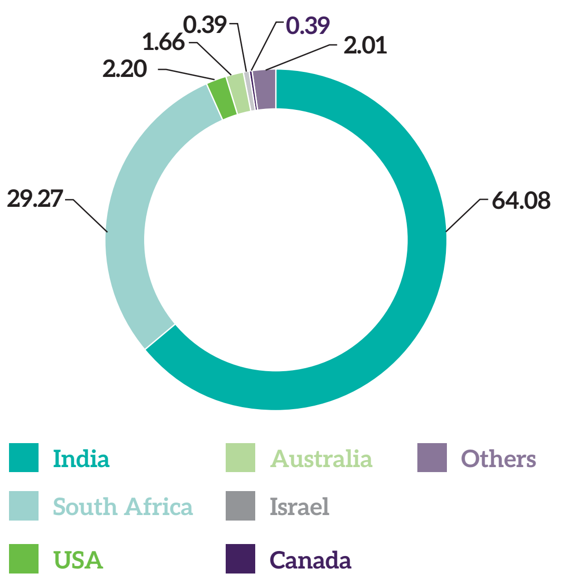
(%)



The Company derives around 95% of its revenue from Generics business. Ingredients and Synthesis segment contribute 2% and 3% respectively to the revenue mix.

GEOGRAPHY MIX

(%)



The Company derives around 64% of its revenue from India. South Africa contributes about 29% of the revenue mix.

STRENGTHS TO DELIVER VALUE

LEADING BRAND

We have developed brand strength in key generic **APIs** within two strong therapeutic segments - ARVs and oncology, manufactured at internationally approved cGMP plants.

STRATEGIC PRODUCT DEVELOPMENT

While identifying and developing new generic pharmaceutical products, we look for **products that have a strong market potential**. This strategy complements our focus on key therapeutic categories. We also **strive to identify products** for which we may have an API sourcing advantage, leveraging our expertise.

ENHANCED INTEGRATION

We enhanced backward integration into starting materials; also planning to forward integrate into finished dosage forms by FY2016.

STRONG PIPELINE

We have a strong product pipeline that focuses on key therapeutic areas. We have currently a 30 product pipeline across anti-retroviral (ARV), oncology, cardio-vascular, anti-diabetic and nutraceuticals, among others.

CUSTOMER CENTRICITY

We have a **strong and growing customer base**, which recognises the strength of partnerships and helps us generate new and expand existing businesses.

QUALIFIED PERSONNEL

R&D professionals account for nearly one third of our team. They help us **enhance our value proposition** to serve acute pharmaceutical needs globally.

GROWING CAPACITY

Our advanced **R&D capabilities powers** process optimisation and a service culture with one of the largest and most modern API facilities in the world.

DYNAMISM FOR A DECADE

2005

- Incorporated as Laurus Labs Private Limited

2006

- Laid foundation stone for R&D Centre at IKP, Knowledge Park, Hyderabad
- Signed business agreement with a leading Indian pharmaceutical company for seven oncology APIs
- Received equity infusion of a cumulative ₹ 489 million

2007

- Laid foundation stone for API manufacturing facility at Visakhapatnam
- Aptuit Inc. invested ₹ 1,020 million into the Company (name changed to Aptuit Laurus)
- Signed business agreements with three multinational companies
- Commenced operations at R&D Centre, Hyderabad and manufacturing facility, Visakhapatnam

2008

- Filed first ever Drug Master File
- Achieved full-scale commercial operations at Visakhapatnam
- Signed business agreements with multinational Companies

2009

- DSIR recognition received for R&D Centre, Hyderabad
- Commercialised four nutritional Fine Chemicals
- Launched first product in Europe

2010

- Received US FDA approval, TGA and UK MHRA certification for the unit at Visakhapatnam

Established in FY2005, Laurus Labs today is one of the leading names in API manufacturing. The Company has been growing at a fast pace and has achieved significant milestones on its way to progress.

2011

- Received USFDA certification for the Hyderabad facility
- Received Korean FDA certification for the Visakhapatnam facility
- Supplied the Company's first product to the US

2012

- Received Korean FDA certification for the Hyderabad facility
- Fidelity Growth Partners India acquired Aptuit's majority stake in the Company
- Fidelity and the promoter invested ₹ 600 million in the Company

2013

- Crossed ₹ 1,000 crore of revenues
- Received WHO EDQM approvals to Visakhapatnam Unit
- Received Scrip, Pharmexcil & FAPCCI awards

2014

- Purchased about 135 acres of land at Visakhapatnam for future expansion
- Made downstream investment in Viziphar Biosciences Pvt Ltd Bangalore for 100% stake to expand in ingredients
- Received Silver Certificate of merit at the Economic Times Manufacturing Excellence Award 2013
- Investment of around ₹ 300 crore by Warburg Pincus
- Bagged the prestigious National Safety Award for Unit 1 at Visakhapatnam

2015

- Established Laurus Synthesis Inc. an 100% Subsidiary of Laurus Labs
- Commenced commercial operations at Unit 3, Plot No.18, Parawada, Visakhapatnam
- Laid foundation stone at Plot Nos 19, 20 & 21, Atchutapuram, Visakhapatnam
- Obtained 27% stake in Sriam Labs Private Limited, Hyderabad

GROWING OUR PORTFOLIO

GENERICS

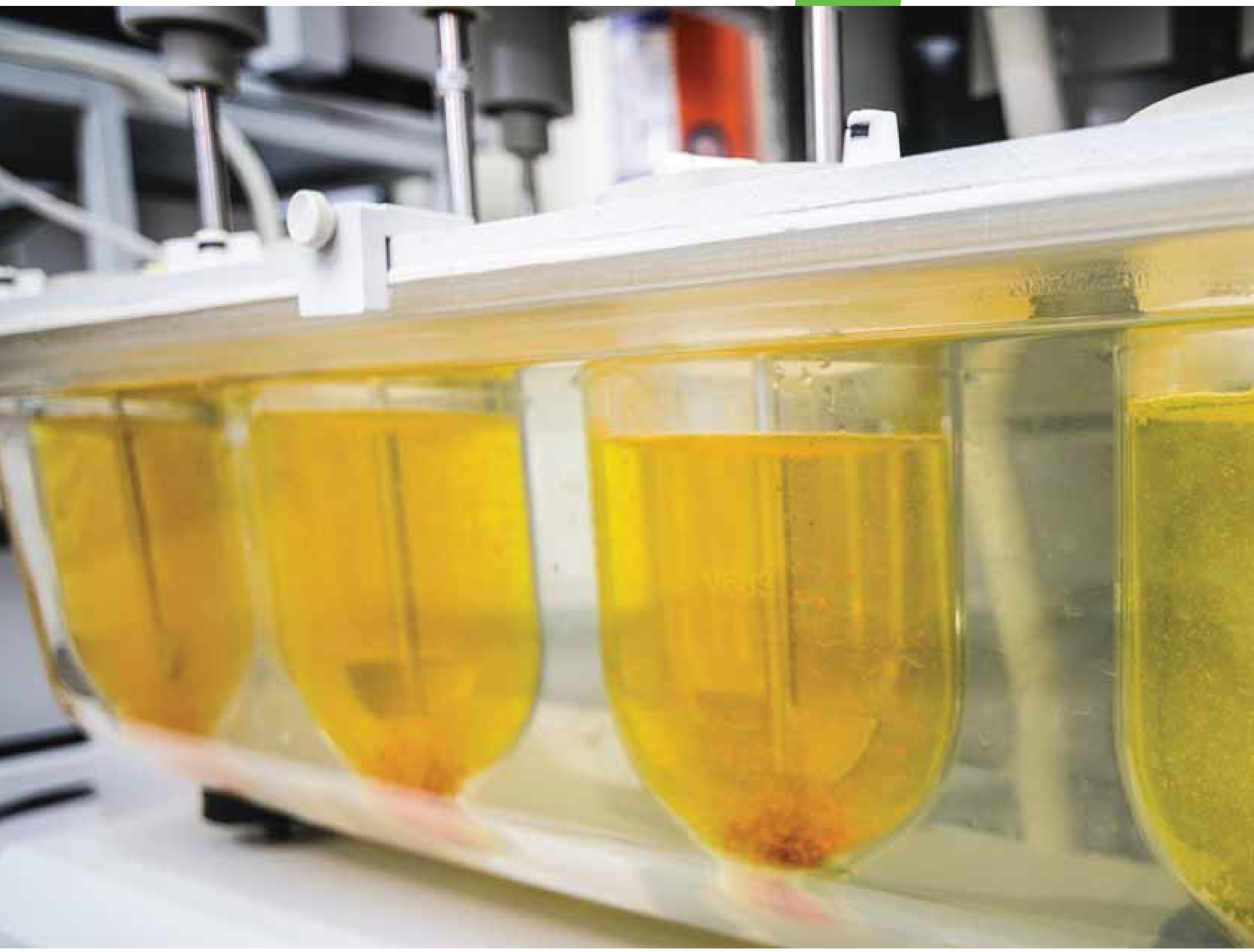
PRODUCT	THERAPEUTIC CATEGORY	SOLD IN COUNTRIES
Montelukast Sodium	Anthistamine	Our generic products are sold across various markets - Argentina, Australia, Brazil, Canada, China, Croatia, Dubai, Ecuador, Germany, Hong Kong, India, Indonesia, Israel, Jordan, Slovenia, South Africa, South Korea, Switzerland, Turkey, Uganda, UK and USA.
Efavirenz	Anti-retroviral	
Tenofovir Disoproxil Fumerate	Anti-retroviral	
Emtricitabine	Anti-retroviral	
Abacavir Sulfate	Anti-retroviral	
Gemcitabine	Oncology	
Carboplatin	Oncology	
Cisplatin	Oncology	
Docetaxel	Oncology	
Imatinib	Oncology	
Irinotecan	Oncology	
Oxaliplatin	Oncology	
Brimonidine Tartrate	Ophthalmic	
Latanoprost	Ophthalmic	

INGREDIENTS

PRODUCT	STRUCTURAL CLASS / CLASSIFICATION	SOLD IN COUNTRIES
Resveratrol	Anti Oxidant	USA and Switzerland
4-Hexylresorcinol	Skin-brightening	USA and France
Pterostilbene	Anti Oxidant	USA
Curcumin, 99%	Anti Bacterial	India, USA and France
Curcuminoids	Anti Bacterial	India
Ferulic Acid	Anti Bacterial	India

SYNTHESIS

SERVICES OFFERED
Process Development
Process Optimisation & Validation
Alternate Route Development
Scale-up
Metabolite Synthesis
Product Development



MESSAGE FROM THE CEO

Dr. C Satyanarayana, *Chief Executive Officer*

We are setting the stage for the future by strengthening our capabilities and expanding our capacities to deliver a wide variety of APIs and Intermediates to our discerning customers.

DEAR SHAREHOLDERS,

Ever since we started our journey our progress has been encouraging, despite challenges. FY2014-15 was exciting as we saw most of our strategies working in harmony and enabling us to deliver on our commitments.

During the year, we further developed our businesses with innovative and highly specialised products and services. It was a year of intense activity as we launched new products, expanded our pipeline of products and consolidated our operations. We have broadened and integrated our business portfolio to progressively deliver value to all our stakeholders. We are setting the stage for the future by strengthening our capabilities and expanding our capacities to deliver a wide variety of APIs and Intermediates to our discerning customers.

We enhanced our R&D and manufacturing productivity; improved market share in premium markets for our key products; built a portfolio of new, differentiated products and steadily increased our profitability.

The global pharmaceutical industry is transforming rapidly owing to multiple factors: increasing urbanisation, fast change in lifestyles, rising specific disease profiles and growth in personal disposal income, among many others. Besides, there is growing awareness about unmet or under-met medical needs globally. In this scenario, we are enhancing our preparedness to respond to opportunities with speed and deliver more value to our customers.

Another year of opportunity

We streamlined our business structure by apportioning the business segments into four business divisions – Generics APIs, Generics FDF, Ingredients and Synthesis to increase focus and serve customers better. Our Synthesis business grew in scale with the establishment of Project Bloom - dedicated facilities for the production of steroidal intermediates for a big pharma customer. In addition, Laurus Synthesis Inc. USA was also established with a focus on reaching US customers and also tapping the chemistry talent in the Boston-Cambridge, Massachusetts area. The launch of Laurus Synthesis Inc represents an expansion into the USA market, which will firmly accelerate growth by supporting clients locally and in India.

In FY2014-15, we expanded operations and achieved ₹ 13,263 million of consolidated net turnover, compared to ₹ 11,597 million in FY2013-14, achieving a 14% growth. The primary reasons for our higher turnover were enhanced scale, increased product portfolio, growing clientele and penetration into unexplored markets. We are pleased to report that Laurus continues to be in a strong financial position and is delivering on its strategies and objectives.

During the year, Warburg Pincus invested ₹ 300 crore for a significant minority stake in the Company. This investment is a validation of the robustness of our business model, execution capabilities and capacity to scale up as one of India's largest pharmaceutical providers.

Investing for growth

We are creating a growth trajectory through expansion from manufacturing of APIs to formulations, presence in oncology and antiretroviral segments to cardiovascular, diabetic segments. A successful product portfolio is central to our corporate strategy. We are developing a strong pipeline to drive future growth.

We continued to broaden our approach to developing our product portfolio to cardio vascular, Hepatitis 'C' and oral oncology products in addition to HIV and injectable oncology products. We entered into a new class of therapy for Hepatitis C; we developed a cost-effective process for one of the HCV products.

We have globally approved facilities to manufacture drugs for all markets. Laurus is one of the few Indian companies with USFDA approvals and WHO pre-qualification to supply to the global initiative for HIV treatment.

We believe in supporting on-going research in planned and pre-defined segments in areas where we know we have leading core competence. During the year, a dedicated contract manufacturing block with a focus on steroidal intermediates was established. We also operationalised Unit 3 across the road from Unit 1 and Unit 2 at Atchutapuram in Visakhapatnam is under construction. Manufacturing capacity reached a total of 1,500 KL towards the end of March 2015, and another 350 KL of capacity is under construction and will be commissioned during FY2016.

For the past few years we have devoted significant time and resources to long-term research and development of investment strategy. An important way we add value is through our Operational Excellence (OE) team. In all aspects of our business we have focused on maintaining the highest standards of quality to ensure that our products deliver the maximum advantage to customers.

Our commitment to quality has truly been the foundation of our success. The key focus of our senior management is to consistently maintain and improve standards and processes that ensure uniformity, reproducibility and safety. Our consistent track record of growth is the result of a valuable pipeline of products, solid customer relationships and sound execution.

Talent and teamwork

Talent and teamwork are crucial for our long-term growth. Therefore, our HR policies encourage meritocracy and provide deserving employees opportunities for rapid advancement. We are consistently learning as a team, adapting to change and living up to customer expectations.

As a leading pharmaceutical company, we feel our sense of responsibility more strongly than ever. We continue to tighten our regulations on safety, ethical standards and transparency. We are also active on the community front. We support the community in a variety of ways, from providing free donations to life-saving drugs, to investing in holistic welfare of people in need.

Looking forward

As we move into the next fiscal, we are positive that we are on the right track and the strategies that we have adopted in terms of customer-focused innovation, diversified product portfolio and better use of technology will enable substantial improvement in performance. We are committed to achieve a prudent cost structure and enhancing operational excellence to set the stage for future growth.

We expect several DMFs to be filed in the next year, which will strengthen our standing in the market. In addition, our R&D team continues to work on methods that will gain greater efficiencies with our API and FDF production as well as working with customers to ensure we meet their requirements. We have quality infrastructure, a culture of ownership and a reliable pool of talent to support our vision. This is the reason why industry leaders are eager to continue working with us.

I am grateful to all of you for your encouragement and support. Our way forward is clear and we are steadfast in our belief that we can deliver enhanced value to all our stakeholders.

Sincerely,

Dr. C Satyanarayana
Chief Executive Officer

EXPANDING CAPACITIES

We are setting the stage in a variety of ways to deliver consistent value in the areas of our focus and also taking the organisation to the next orbit of growth and sustainability.

At Laurus Labs, we have world-class infrastructure comprising an R&D Centre (about ten acres) in the ICICI Knowledge Park near Hyderabad. The facility offers over 50 labs for process chemistry, formulation and analytical development and kilo lab production, including an ability to handle highly potent APIs, low temperature and high pressure chemistry. The Centre translates innovative ideas into economically viable commercial products.

The Centre is recognised by TGA (Australia), FDA (USA) and FDA (Korea). We are also certified with ISO 9001:2008, NQA and UK (UKAS, UK) in line with the compliance of stringent and regulatory norms for research, development, contract services and manufacturing facilities. The large-scale manufacturing facility (34 acres site) at Visakhapatnam in Pharma City has seven manufacturing blocks, two dry reaction blocks and one highly potent (oncology) block. During the year, we strengthened our manufacturing capacities to increase productivity and cost competitiveness. A dedicated contract manufacturing block with a focus on steroidal intermediates has been established as well.

CAPACITY EXPANSION

UNIT-3

- 40-acres campus in Jawaharlal Nehru Pharma City, located adjacent to Unit 1 and operating under the same FDA establishment number
- 58 reactors with total reactor volume of ~ 210,000L
- Eventual reactor capacity expected to touch 1,000,000L

UNIT-5

- 8.29 acre site in SEZ
- Planned as a non-cytotoxic, potent API manufacturing facility

Two new sites of 90 acres are being developed within 20 kms from current sites in APIIC Industrial Zone at Atchutapuram.

UNIT-2

- 45 acre site in SEZ
- DS-DP Integrated manufacturing facility

UNIT-4

- 44.43 acre site in Non SEZ
- API and Intermediate manufacturing facility

Our multiple manufacturing facilities provide us with the flexibility to select the most appropriate manufacturing strategy for a particular product, taking into account factors such as cost, regulatory requirements and capacity. It enables us to offer comprehensive yet integrated and flexible solutions at each stage of drug discovery and development, right from medicinal chemistry up to large-scale manufacture. Our manufacturing capacity reached a total of 1,500 KL towards the end of March 2015; another 350 KL of capacity is under construction and will be commissioned during FY2016.

MANUFACTURING CAPACITY (KL)

During the year, we strengthened our manufacturing capacities to increase productivity and cost competitiveness.

ENRICHING PRODUCT PORTFOLIO

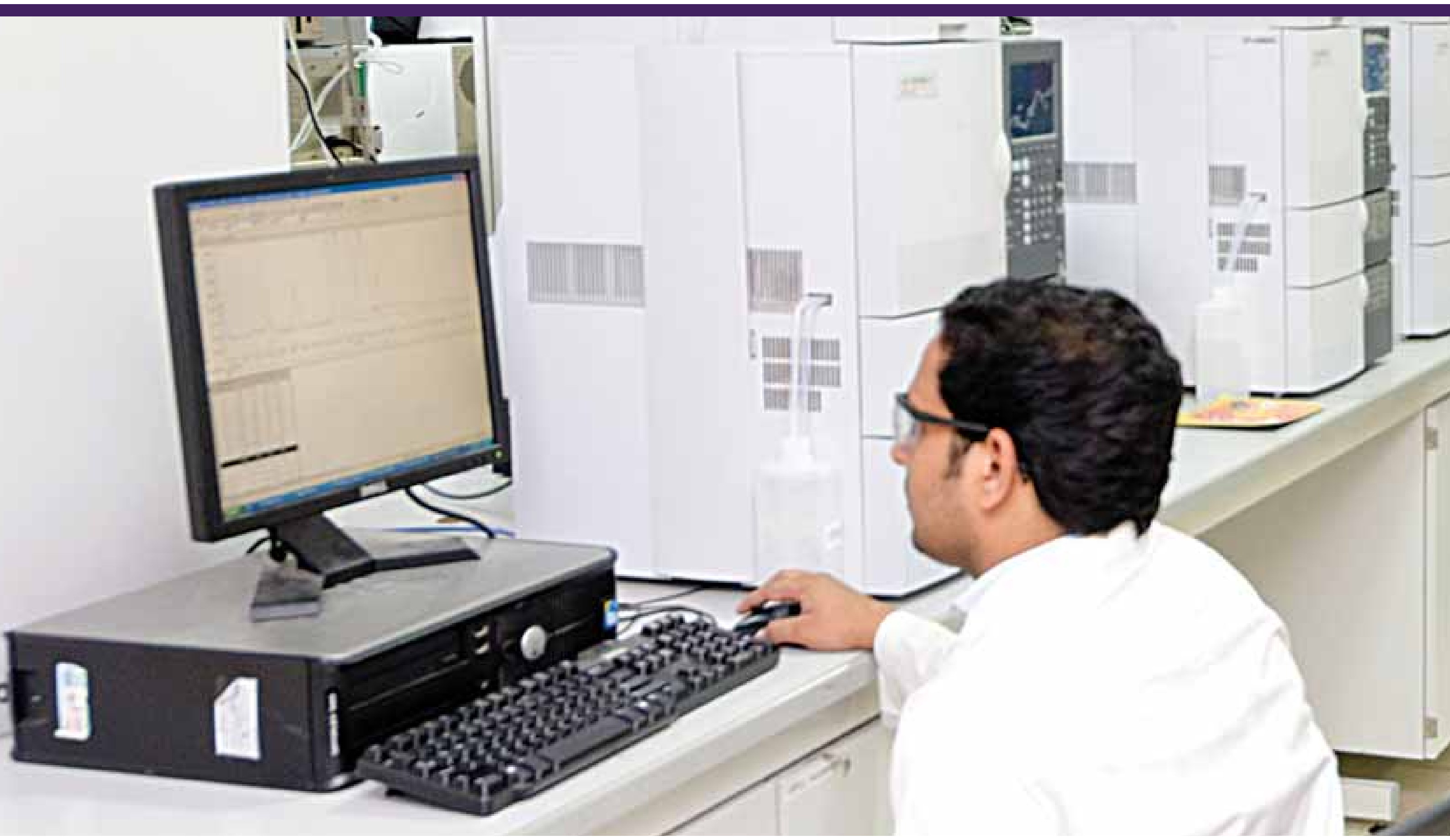
We are strengthening our brand by foraying into new areas of value creation. We already have a strong product portfolio to drive growth in domestic and global markets.

We are guided by our mission to emerge as an innovation-led transnational pharmaceutical company. Our scientific pool constantly strives to develop new technologies and products. We have the proficiency to develop a wide range of pharmaceuticals across the value chain.

We are a leading manufacturer of APIs for anti-retroviral (ARV), oncology and expanding portfolio in cardio-vascular and anti-diabetic therapeutic segments. We also have a presence in nutraceuticals. In addition to the API business, we have a fast-growing contract manufacturing business that caters to several generic and innovation-driven, global pharmaceutical companies.

Our evolving product mix closely aligns with the trends in the pharmaceutical industry. We have grown our position and our scale in APIs, and work closely with companies around the world to bring value to them and to the market.

Our R&D strategy concentrates on developing differentiated, commercially successful treatments. To that end, we employ an efficient R&D model – wherein the operational teams not only develop, optimise technological solutions, but also ensure these innovations are scalable and compatible with market realities. This focused strategy and unique product development approach enables us to bring products through the worldwide regulatory processes and onto the market at a success rate, which is higher than the industry average.



LAURUS SYNTHESIS INC.

In our endeavour to emerge as a global pharmaceutical organisation, we recently formed a US affiliate, Laurus Synthesis Inc. It began operations in early 2015, providing US-based clients with full capabilities of process chemistry services. While Laurus Labs is among the country's top 10 chemistry providers, Laurus Synthesis would integrate and strengthen its position further. With more than 100 scientists supporting the Synthesis division in India, its expansion in the USA market will accelerate growth by catering to customers in the USA and India. Overall, this would result in optimum speed and cost efficiency for our clients.

In addition to the API business, we have a fast-growing contract manufacturing business that caters to several generic and innovation-driven, global pharmaceutical companies.

STRENGTHENING HUMAN CAPITAL

Our people are the key drivers of our achievements. Consistent training and education are enabling our teams to succeed in new business environments. Starting with 15 people in FY2005, we now employ 1,800 people across both facilities at Visakhapatnam and Hyderabad.

TRAINING PROGRAMMES:

Employees are sent for external training programmes and workshops from time to time in order to strengthen existing skills and build new ones. In addition, we put a lot of emphasis on 'on-the-job training', where employees are encouraged to take up new responsibilities. They are imparted with new skills and knowledge taking into consideration their aptitude and overall performance.

We have entered into tie-ups with GITAM University for a tailor-made integrated MSc program and with Krishna University for industrial training based internships. The collaboration with Krishna University was richly rewarding as the first batch of qualified students joined the company.

500+
R&D Scientists

106
Total process patents filed as on March 31, 2015

LEADERSHIP DEVELOPMENT ON THE JOB:

Our plant-centric approach allows employees to develop a strong sense of self-motivation, initiative and leadership. They have the opportunity to independently manage day-to-day activities at the local level, while keeping the overall company goals and profitability in sight.

REWARDS & RECOGNITION:

We recognise the contribution of our employees and reward outstanding performance by providing both training opportunities and development on the job. In addition, our compensation practices ensure employees receive incentives for good work. We celebrate both individual and team achievements and ensure people are recognised for their contributions.

- A team of 1800+, which includes 39 PhDs, 17 finance and other professionals, 916 postgraduates, 713 graduates and 55 technicians among others
- A top-class scientific management team with experience ranging from 15 to 20 years in global pharmaceutical industry and approximately 150 patents and 175 research publications to their credit
- Highly equipped and dedicated workforce, selected through rigorous screening process
- Strong emphasis on ongoing training and competence building
- Conducive work culture that encourages innovation at all levels

20+
years scientific management team experience

150+
patents

175+
research publications


LAURUS Labs
15
KMPH

REINFORCING FINANCIAL SUSTAINABILITY

To achieve our business objectives, we have a strategy to continuously grow our operations in a controlled and profitable manner across all our target markets. It enables us to provide effective solutions to our clients, generate healthy returns for our shareholders and build a sustainable business. We are leveraging our financial acumen to achieve future aspirations and development needs.

Laurus Labs is built on a solid foundation of entrepreneurial energy, professional integrity and personal commitment. Our Board of Directors and senior leadership provide the strategic vision and direction to create and foster sustainable value for all our stakeholders. We operate our business with the highest ethical standards and remain committed to achieving sustainable and profitable growth.

REVENUE

(₹ million)

CAGR 62%

Laurus Labs has grown its revenue from ₹ 9 crore in the first year of operations in FY2007-08 to ₹ 1,326 crore in FY2014-15. We constantly seek to grow the business profitably. We monitor operating margin and manage operating costs to ensure that the business is running efficiently and cost effectively. We leverage our scale, in particular our extensive shared service infrastructure, flexible delivery models, effective procurement and the added value of the services we deliver to clients. By exerting rigorous fiscal discipline, implementing transparency and developing risk metrics, we adhere to the highest standards of corporate governance, ensuring accuracy of financial reporting with effective internal controls.

The investments by Warburg Pincus and Fidelity Growth Partners vindicate the strength of our business model, execution and scaling up capabilities as one of India's largest pharma companies. Simultaneously, they also reflect investor confidence in our governance standards, transparency and organisational performance.

We need to fine-tune our focus at every aspect (HR practices, operational efficiencies and customer centricity) to ensure that the organisation can achieve its short-term and long-term goals. These investments also give us a chance to strengthen our industry standing and thought leadership. Our partnerships have remained the most important and integral aspect of every milestone that we have crossed, guiding us to our overarching objective of becoming a global champion.

CORPORATE SOCIAL RESPONSIBILITY

Our corporate social responsibility (CSR) is embedded in our business strategy. It helps us achieve our social and business goals to develop long-term profitability, and sustainability that deliver value to our stakeholders, clients, employees, suppliers and the wider community.

We aim to empower people - especially vulnerable sections of society - through generous economic support and innovative financial intervention. Over the years, we have continued to support accredited voluntary agencies (VAs) in their projects to provide self-employment to people who are physically challenged and socially disadvantaged sections. We care deeply about the community and the planet.

Our community initiatives include the following:

- Created a state-of-the-art Water Plant (RO) at Dibbapalem, the rehabilitated Colony for land-losers of APSEZ, Atchutapuram, near our Unit 2. It has the capacity to fulfil drinking water requirements of the residing 3,000 families. This RO pant can produce about 4,000 litres per hour and can also accommodate needs of nearby villagers.
- We sponsored a mineral water plant at Munnaluru Village, Kanchikacherla Mandal, Krishna District, Andhra Pradesh. The plant will serve drinking water requirements of around 1,000 villagers. With a capacity to produce 2,000 litres of drinking water per hour, it will also accommodate the needs of nearby villages.
- On the eve of 29th National Science Day Celebration, Gitam had organised 'SCIENCE EXPO-2015'. On this occasion, we sponsored M.Sc students to put up stall, exhibiting the APIs and Intermediates manufacturing flow process. The Laurus Projects team explained them about the process. The students shared their knowledge with the visitors; it was highly appreciated by everyone.
- Organised blood donation camp at the R&D Centre in which more than 150 employees donated Blood.
- Sponsored a customised mobile van to distribute free meals to underprivileged children of government schools and Anganwadis across Visakhapatnam. The Akshaya Patra Foundation initiated this 'School Meal Programme' to celebrate the auspicious occasion of Ugadi.
- On the occasion of Ganesh Chaturthi, took the great opportunity to distribute around 7,000 medium sized clay idols of Lord Ganesha along with recycled carry bags to all our employees at R&D, Corporate Office, Vizag Units and to the general public in Vizag City Premises. This initiative was done towards a greener and cleaner environment through a slogan "Give Our Children A Green Future" and the need for the reduction of non-environmental friendly Idols and toxic paints in the eco system.

Apart from the above activities we also provided stipend to Krishna University and Gitam University for promoting education undertook plantation activities and provided donation to LV Prasad Eye Hospital. We provided donation for Mission Swachh Bharat and also contributed for disaster relief efforts for the victims of Cyclone Hudhud.

We aim to empower people -especially vulnerable sections of society - through generous economic support and innovative financial intervention.


LAURUS Labs
API PHARMA MANUFACTURING PROCESS


LAURUS Labs Pvt Ltd.
Knowledge . Innovation . Excellence


LAURUS Labs Pvt Ltd.


Safe (RO) Drinkig Water Plant


PENTAIR

AWARDS & RECOGNITION

'HEALTH CARE COMPANY OF THE YEAR AWARD – 2015'

Laurus Labs received the 'Health Care Company of the Year 2015' award by VC Circle. VC Circle Awards are bestowed to outstanding Indian companies that not only recorded tremendous growth in their respective industries, but also had a long-standing impact on the economy and the industry in general.

'EXCELLENCE IN PERFORMANCE & BUSINESS SCALABILITY AWARD – FY2014'

Business Today-YES Bank Emerging Companies Excellence Survey conducted a survey and Laurus Labs was chosen as a winner for 'Excellence in Performance & Business Scalability (Large Companies)'. The award was received by Dr. Satyanarayana Chava, CEO, during the awards event held on November 7, 2014 in New Delhi.

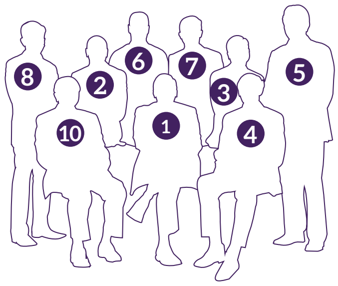
NATIONAL SAFETY AWARD

Laurus Labs Plot No. 1, Drug Substance Facility won the "National Safety Award" based on lowest average frequency rate. The company won the award for the best safety practices maintained together by the employees and the management.

SLIVER CERTIFICATE OF MERIT

Laurus Labs was awarded consecutively second time the '**Silver Certificate of Merit**' under Large Business sector by the site assessment of "The Economic Times India Manufacturing Excellence Awards (IMEA) in association with Frost & Sullivan". IMEA appreciated in the closure meeting, that Laurus Management commitment, vision towards manufacturing excellence for further leading in consistent business growth and aiming to become a lean organisation.

BOARD OF DIRECTORS



1 **Dr. Satyanarayana Chava**

Dr. Satyanarayana Chava, Chief Executive Officer (CEO), has been a towering presence for the past 29 years in the pharmaceutical industry, especially under the domains of R&D, manufacturing and business development. Having worked at reputed pharmaceutical companies in various senior roles, Dr. Satyanarayana occupied the key position of Chief Operating Officer at Matrix Laboratories, Hyderabad. Having generated multiple breakthroughs in the API process development, he has developed a significant knowledge bank in terms of intellectual property-related matters in the pharmaceutical space, and has over 100 patents in his name.

2 **Dr. Srihari Raju Kalidindi**

Dr. Srihari Raju Kalidindi, Executive Director, has 29 years of pharmaceutical research and operational experience behind him. He worked for a couple of years in the US and for 11 years for Mayne Pharma in Australia. At Mayne Pharma, he occupied several key positions including technical and commercial roles, before bidding adieu in March, 2006. His areas of expertise include R&D operations, patent strategies, regulatory affairs, and business development. Dr. Raju has several patents and research publications in his career.

3 Mr. V V Ravi Kumar

Mr. V V Ravi Kumar, Executive Director has amassed 26 years of experience in the finance, IT and supply chain management spaces. He is adept in dealing with mergers and acquisitions and joint venture management in the global scheme of things. He is an integral part of the senior management that has been instrumental in transforming M/s. Matrix Laboratories into a major pharmaceutical company.

4 Mr. Francis Jackson Wright

Mr. Francis Jackson Wright has over 37 years of experience in mergers and acquisitions and executive management in the chemical and pharmaceutical industries. He was the Co-Founder and Vice Chairman of Aptuit Inc, an industry leading pharmaceutical services company with the mission to engineer a better drug development process. He was formerly the CEO and Executive Vice President, Corporate Development of Chi Rex Inc. Prior to joining Chi Rex, Mr. Wright held senior positions with GlaxoWellcome in procurement, outsourcing and as a site director of several API manufacturing facilities.

5 Mr. Rajesh Kumar Dugar

Mr. Rajesh Kumar Dugar is the Senior Managing Director at FIL Capital Advisors (India) Private Limited. He has over a decade-long experience in the Indian private equity industry, especially in inventing across multiple stages and industries. During his private equity career, he boasts having names like The Carlyle Group and Merlion (Temasek-Standard Chartered JV) in his resume. Mr. Dugar holds an AB degree from Dartmouth College and an MBA degree from MIT Sloan School of Management.

6 Dr. Robert Weisskoff

Dr. Robert Weisskoff is a Partner at Fidelity Biosciences, USA. He has worked extensively in both the academic as well as industrial realms for more than two decades. Prior to joining Fidelity in 2004, he held various senior roles in R&D and business development at both pharmaceutical and medical device companies. Dr. Weisskoff has penned over 100 peer-reviewed scientific papers, and has six US patents to his name. He holds a Ph.D. in Physics from the Massachusetts Institute of Technology, and an MBA from the Columbia University. He received his AB degree in Physics from Harvard University, graduating Magna cum Laude and was an illustrious member of Phi Beta Kappa.

7 Mr. Niten Malhan

Mr. Malhan is the Managing Director and Co-Head of India at Warburg Pincus LLC. He focuses on its investment activities in India. Mr. Malhan joined Warburg Pincus in 2001, and is also a member of the firm's executive management group. Mr. Malhan focuses on investments in the real estate sector. Prior to this, he served as a Director of Business Development at Teros, Inc. (formerly Stratum8 Corporation). Mr. Malhan holds an MBA degree from the Indian Institute of Management, Ahmedabad and a BS degree in Computer Science. He is an Engineering Graduate from Indian Institute of Technology, Delhi.

8 Mr. Narendra Ostawal

Mr. Narendra Ostawal is Managing Director at Warburg Pincus LLC, India. He focuses on its investment activities in India. Mr. Ostawal joined Warburg Pincus in 2007 as an Associate and is now the Managing Director at the Mumbai Office. Prior to this, Mr. Ostawal worked as an Associate from 2006-2007 with 3i Group plc, which is a multinational private equity and venture capital company, headquartered in London, United Kingdom. He also worked as an Associate with McKinsey & Company from 2002-2006. Mr. Ostawal has pursued his PGDBM from IIM Bangalore.

9 Mr. Conner Town Mulvee

Mr. Conner Town Mulvee is a Vice President at Welsh Carson Anderson & Stowe (WCAS). Mr. Mulvee joined WCAS in 2008 and focuses on investments in the healthcare, information and business services industries. Before joining WCAS, he worked in the investment banking division of Lehman Brothers. Mr. Mulvee graduated from Amherst College.

10 Mr. Amal Ganguli

Mr. Amal Ganguli is an Independent Director and is an experienced chartered accountant with rich experience in the profession, corporate business and management. His areas of expertise are statutory audit, internal and management audits, evaluation and strengthening of control systems, Indian and international tax matters, mergers and acquisitions, valuations and corporate restructuring. Mr. Ganguli is a fellow member of the Institute of Chartered Accountants of India and the Institute of Chartered Accountants of England and Wales. Mr. Ganguli spent his entire career of 40 years at PriceWaterhouseCoopers in both UK and India.

KEY MANAGEMENT TEAM

Dr. Satyanarayana Chava
Chief Executive Officer

Dr. Srihari Raju Kalidindi
Executive Director

Mr. V V Ravi Kumar
Executive Director

Dr. G S R Anjaneyulu
Executive Vice President

Dr. C V Lakshmana Rao
Senior Vice President

Mr. M Bhaskaraiah
Senior Vice President

Mr. S Srinivasa Rao
Senior Vice President

Mr. Martyn Oliver James Peck
Senior Vice President

Mr. C Chandrakanth
Senior Vice President

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION & ANALYSIS

ECONOMY

Global Economy

The global economy witnessed moderate growth with contrasting growth patterns among major economies. The US performed well in FY2014-15 with muted inflationary rates and declining unemployment rates. But, other major economies like Japan fell short of expectations. The year also noticed a 55% drop in oil prices since September 2014. Sudden demand weakness in emerging economies and higher production from non-OPEC countries like the US dampened the overall growth sentiments.

The inconsistent growth had a consequent impact on currencies. The US dollar grew at a high rate, while yen, euro and rupee weakened considerably. Global growth is projected to rise reasonably in FY2015–16, from 3.3% in FY2014 to 3.5% in FY2015 and 3.7% in FY2016. Growth in China, on the other hand, is expected to be sluggish as the world's second largest economy reorients towards consumption and away from the real estate sector and shadow banking.

ANNUAL GDP GROWTH RATES (%)

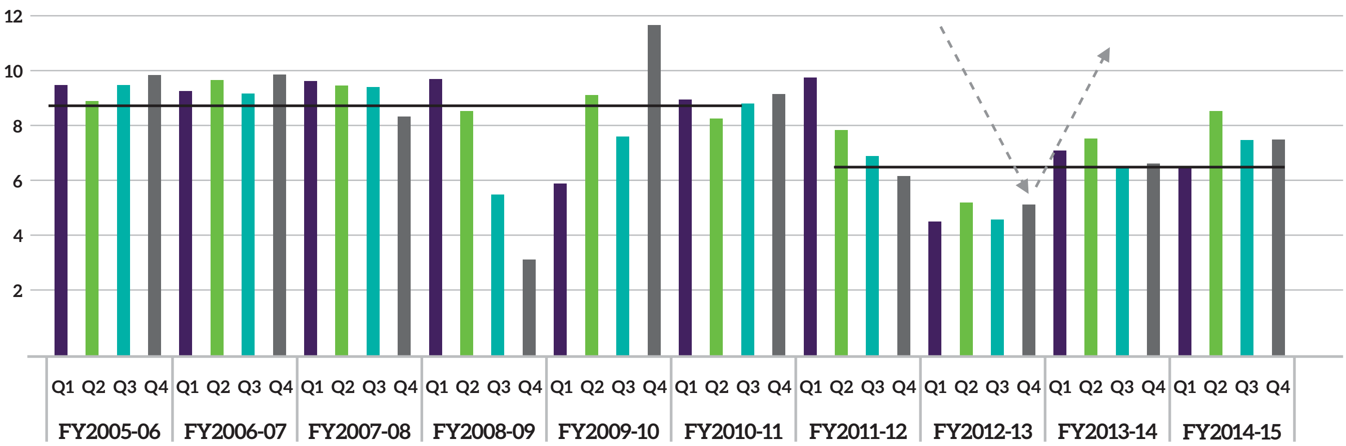
(Source: International Monetary Fund, January, 2015)

Indian Economy

The Indian economy is positioned to witness a consistent growth, with strengthened macro-economic prospects. The formation of a stable government brought a dramatic change with its economic reforms. The government's policy stance has attracted global attention. Inflation has declined considerably, along with fiscal deficit and current account deficits.

A drop in oil price also augured well for the economy. The economy is projected to see a stronger growth in the next fiscal following growing confidence of the business community globally. India Inc.'s optimism is very much palpable. Indeed, everyone across the world would agree that the sentiment has turned positive and the Indian economy is readying for take-off.

QUARTERLY GDP GROWTH (%)



Source: Economic Survey, 2015

PHARMACEUTICAL SECTOR OVERVIEW

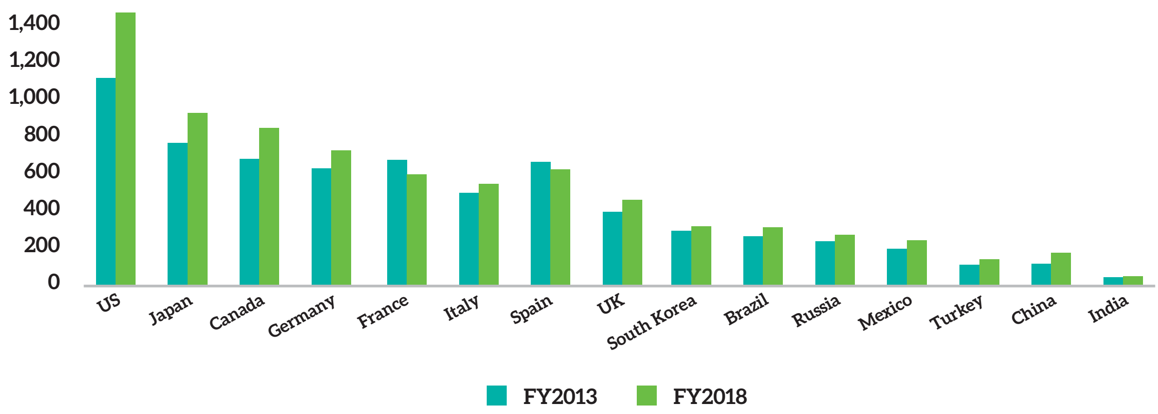
Global

Global spending on medicines is predicted to reach nearly $1.3 trillion by FY2018, an increase of 30% over FY2013. The annual spending increased up to $70 billion in FY2014, up from $40 billion in FY2013. Emerging technological breakthroughs, growing population and lifestyle developments and transitions to new health policies are driving a change in the global health care systems. The global pharmaceutical market is expected to reach $1.1 trillion by FY2015.

The US remains the largest market among the major markets. It is expected to grow at a CAGR of 5-8% up to FY2018. In Europe, economic austerity has reduced the growth in healthcare spending, and the trend is likely to continue through FY2018. The pharmerging markets will expand at a CAGR of 8-11% through FY2018, a slower pace than over the past five years, which averaged 13.6% growth. China, the world's second largest pharmaceutical market will attain spending levels of $155-185 billion in FY2018.

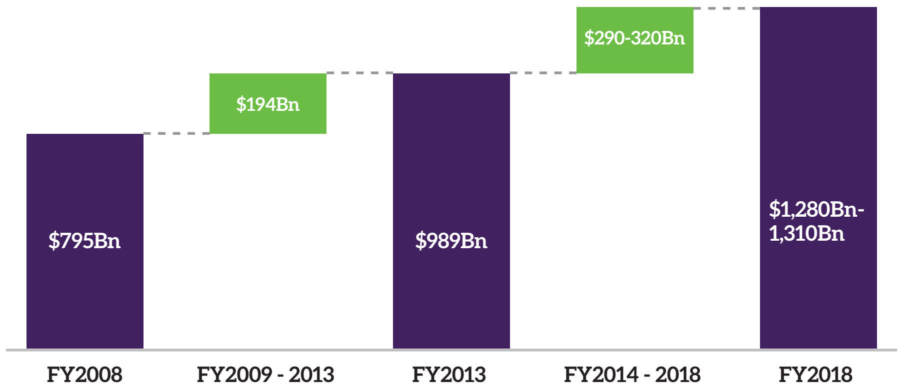
PHARMACEUTICAL SPENDING PER CAPITA, FY2013 VS FY2018

(US$)



Source: Economic Intelligence Unit, 2014; IMS Market Prognosis, September 2014

GLOBAL SPENDING AND GROWTH, FY2008-18



(Source: IMS Institute for Healthcare, November 2014)

Measures to improve healthcare access and reduce costs

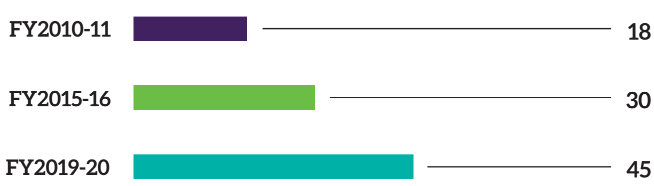
Measures	Description	Countries that have adopted these measures
Public health insurance	Provision of healthcare – either health insurance or tax-financed	All large European countries, Japan, Korea, New Zealand, China
Reimbursement control	Control of reimbursement list through exemption from government reimbursement scheme or higher co-pays	The UK, Spain, Germany, France, Poland, New Zealand, China
Preferential tenders	Nationwide tenders for drug purchase by all community pharmacies or by public hospitals	New Zealand NHS (UK)
Improved hospital economics	Use of treatment protocols, and other reforms to improve cost of economics of public hospitals	DRG system in Germany to reduce LOS in hospitals
Fixed trade margins	Fixed retailer margins on drugs to discourage	Germany and the UK
High patient co-pay for lifestyle drugs	Low/Zero reimbursement for OTC or lifestyle drugs	Germany, Spain, France, Poland and the UK

(Source: Mckinsey Research)

Africa

Africa has a growing middle class, with a likely annual disposable income of more than $1 trillion by 2023. This class is expected to fuel Africa's development. Infectious diseases, maternal and perinatal condition and nutritional deficiencies account for nearly two-thirds of Africa's overall disease burden. The pharmaceutical spending in Africa is expected to reach $30 billion, by FY2016. By FY2020 the African pharmaceutical market is expected to achieve a year-on-year growth rate of 10.6%, resulting in pharmaceutical sales of $ 45 billion.

PHARMA MARKET (in $ billion)



Source: IMS Health; UNIDO; African Development Bank; Strategy & analysis

India

The Indian pharmaceutical industry has been consistently growing at a CAGR of more than 15% over the last five years. The healthy growth reveals the intrinsic strengths of the industry and improving healthcare standards in the country. The sector is growing steadily and is expected to touch $ 35.9 billion by FY2016. According to Central Drugs Standard Control Organisation (CDSCO), the number of drug approvals have gone up to 56 in November 2014, compared to 35 in FY2013.

The industry is witnessing acquisition activity, increasing investment, intense penetration into newer markets, growth in insurance coverage and improvement in healthcare delivery mechanism. These positive developments are leading to increased affordability of services to patients and access to quality medical care. Along with this, the favourable macro-economic environment is expected to drive the industry to the next level.

Evolution of Indian Pharmaceutical sector

Before 1970	Market dominated by foriegn companies, with little domestic particaption
1970-1990	Indian Patent Act passed in 1970
	Several domestic companies started operations
	Development of infrastructure
	Export initiatives
1990-2010	Liberalised market
	Indian companies increasingly launched operations in foreign countries
	India became a major destination for generic drug manufacture
	Approval of Patents (Amendment) Act, 2005 led to adoption of product patents in India
2010 beyond	Increased patent filings by pharma players
	Adoption of newer sales models such as channel management, KAM and CSO
	Leading pharma companies have increased their R&D spending on new cost-effective generic products to strengthen their presence across global markets

(Source: Aranca Research)

Demand drivers for Indian Pharmaceutical sector

India's cost of production is 60% lower than the US and European counterparts. This trend is helping the country emerge as a global pharmaceutical powerhouse. Some of the demand drivers that will further enhance the growth of the sector includes:

Accessability

- More than $200 billion is expected to be spent on medical infrastructure in the next decade
- Over 1.6 lac hospital beds are expected to be added each year
- Lower-income segments are experiencing greater access to medical facilities due to enhanced government efforts and various affordable schemes

Changing disease profile

- Socio-economic changes and urbanisation, along with inactive lifestyle are leading to rapid epidemiological transition
- India's population is increasingly suffering from ailments, such as obesity, heart disease, stroke, cancer and diabetes
- Number of Indian people suffering from these diseases is set to double by 2020

Acceptability

- Rising education levels have increased the acceptability of newer forms of drugs and medicines
- There is an increasing acceptance of biologics and preventive medicines in recent times
- There is a growing surge in medical tourism due to increased patient flow from other countries

Affordability

- The country's middle class income is expected to rise to over 73 million households in the coming years
- More than 650 million people are expected to be covered by health insurance by 2020

- Government-sponsored programmes are expected to provide health benefits to over 380 million people below poverty line, by FY2017

  (Source: ICRA Report, Deloitte, McKinsey Report 2020, Aranca Research)

Favourable policy measures to support pharmaceutical industry

- Pharma Vision 2020

  The Pharma Vision 2020 is an initiative by the Department of Pharmaceuticals (India). It aims to make India an end-to-end drug discovery destination by 2020.

- Reduction in approval time for new facilities

  Several steps have been taken to reduce approval time for setting up new facilities. For example, the time taken to obtain export license is considerably reduced.

- Collaborations

  The USFDA, WHO and Health Canada have entered into an Memorandum of Understanding (MoU) to boost growth in the Indian Pharma sector. They will benefit the nation with their expertise.

- Technology upgradation benefits

  Introduction of Export Promotion Capital Goods (EPCG) Scheme has ensured zero duty for technology upgrades in the pharmaceutical sector. In addition, there are possibilities to relax the FDI norms in in this sector.

- Industry infrastructure

  Enhanced medical infrastructure has underpinned the step up in growth trajectories. The Government has taken initiatives to establish venture capital to boost drug discovery and strengthen the overall pharmaceutical infrastructure.

- Introduction of special economic zones

  Introduction of 19 dedicated special economic zones (SEZ) Is expected to help stimulate the pharmaceutical sector's investment across the country.

GENERIC DRUGS MARKET

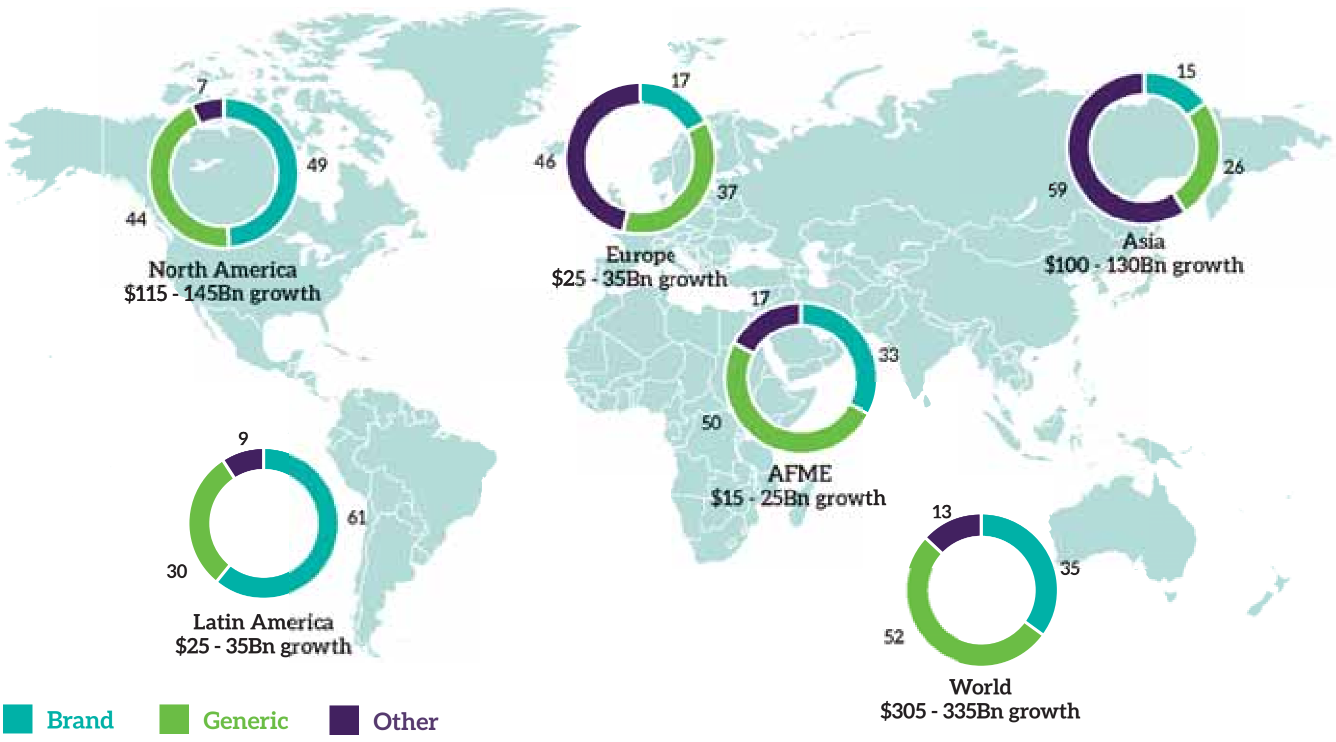
Global

The generics industry has developed significantly over the past decade and represents an integral element of the broader prescription pharmaceutical market. In addition, it is the largest contributor in terms of revenue in Latin America. The pharmerging markets grew with the rise in sale of non-branded medicines and generics. They reported almost 83% of the total spending. Going ahead, Asian countries like India and Pakistan are expected to witness a rise in low-cost generics, with increasing efforts to broaden access to basic health insurance.

The US is the largest and one of the most established generics market. The price destruction post patent expiration is also among the highest in the US. This reveals the extent of competitive pressures. Around $100 billion worth patent expiries over the next five years will stimulate the generic industry's growth. The US government's transformation initiatives to reduce the healthcare spending are likely to provide a thrust in the generic market's growth. The initiatives cover a larger proportion of population.

GEOGRAPHIC DISTRIBUTION OF MEDICINE SPENDING

(%)



(Source: IMS Institute for Healthcare Informatics, November 2014)

India

India's pharmaceutical market is predominated by generic drugs, which account for around 75% of the market by volume. According to a report by India Ratings & Research, the country exports generic medicines to about 200 markets. It accounts for approximately 40% of the generic and over-the-counter (OTC) drugs, consumed in certain countries like the US. Indian generics market is expected to reach $26.1 billion by FY2016.

The developed countries are striving with increasing healthcare costs. This is resulting in growing demand for domestic drugs. Around $170 billion worth patented drugs are likely to go off by FY2015, leading to an upsurge in generic products. This, in turn will provide significant opportunities to Indian companies.

CONTRACT RESEARCH AND MANUFACTURING SERVICES (CRAMS)

Global

Contract Research and Manufacturing Services (CRAMS) is one of the fastest growing segments in the pharmaceutical and biotechnology industry. This segment includes outsourcing research services to economical producers and manufacturing products for them. It adheres to world-class standards, aligned international regulatory norms like the USFDA, Australian-TGA, UKMCA, and EMEA.

Global CRAMS market grew by 15-16% CAGR during FY2005-2010. The global pharmaceutical outsourcing market was worth $58 billion in FY2009 and $67 billion in FY2010, at a CAGR of 15% during FY2007–2010. It is expected to grow up to $95 billion by FY2015. The global pharmaceutical companies are outsourcing research and manufacturing activities to developing countries like India. This is resulting in cost reduction. Huge number of speciality hospitals with state-of-the-art facilities, diverse population and talent pool, increasing number of chronic diseases, quality of developing and the developed countries are expected to further boost the CRAMS industry growth.

(Source: CARE Ratings, January 2015)

India

According to Care Ratings, the Indian Contract Research and Manufacturing Services (CRAMS) industry is expected to grow at a CAGR of 18-20% to touch $18 billion by FY2018 from $7.6-7.8 billion in FY2013. This growth will be on account of revival in the US market and $85 billion off-patent drug prospect by 2020.

The growth rate that slowed to 5-8% CAGR during FY2009-2011, rose up to low double digits in consequent years. It was supported by global innovations, rationalising inventories and easing research and development spends. Industry players faced rising cost pressures, particularly with new products not being commenced in the market. The CRAMS industry is steadily moving up the value chain. More players are investing in improved technology and higher capacities, producing value-added products for biotech and specialty therapy areas, which may be outsourced in future.

The demand for new drugs and patent cliff is seen as a key driving aspect of the contract manufacturing industry. Economies of scale, intellectual property (IP) competence, large and rich scientific talent pool, regulatory expertise and faster turnaround will also accelerate the contract research business in India.
(Source: CARE Ratings, January 2015)

Emerging trends in Indian CRAMS industry

Growth in biopharma	New bio-medicines in development stage
	R&D cost per employee is highest in bio-research
Other areas of research	Oncology and high-potency APIs
	Antibody drug conjugates (ADCs)
	Clinical trials at stage II-IV
	Data management
Use of cloud computing	Expedite data sharing at low cost
	Real-time access to high memory capacity
	Faster processing
	Manage big data generated in research process
Qualified research professionals	Research into new diseases
	Cheaper drugs and bio-medicals
	XIIth Five Year Plan Allocation of INR 20 billion
	Six new National Institutes of Pharmaceutical Education and Research (NIPERs)

(Source: CARE Ratings, January 2015)

NUTRACEUTICAL INDUSTRY

Global Nutraceutical Industry

Over the years, the global nutraceutical industry has gained momentum and has become a part of the average consumer's daily diet. The industry is projected to reach $241.1 billion by FY2019, with a CAGR of 7% from FY2014 to FY2019. The Asia-Pacific market is expected to increase from $51.5 billion in FY2014 to $74.3 billion by FY2019, a CAGR of 7.6% from FY2014 to FY2019. (Source: BCC Research)

Growing incidence of lifestyle diseases, increase in life expectancy, inadequate nutrition and government subsidies are driving the demand for nutraceuticals. Rising per capita income in developing nations like China, Japan and India are also contributing to the demand process. New and innovative products are being launched due to increasing consumer demand for nutraceutical products. Regulatory authorities in different countries are taking the initiative in setting standards and regulations for the promotion of safe and healthy nutraceuticals.

Lack of information about the advantages of nutraceutical products and their high prices are restricting the market growth. Globally, the high cost and low availability of proper healthcare service facilities have driven consumers to remain healthy and avoid treatment costs. The spending on the purchase of healthy and organic foods is increasing, thus boosting the overall nutraceutical market.

Indian Nutraceutical Industry

Currently, the nutraceuticals industry in India is worth about $2.2 billion. It is primarily concentrated in the southern region, followed by the eastern region. This industry is expected to witness a sustainable growth in the future, with various international and local players entering the market. India's nutraceuticals industry is booming. It is one of the fastest growing markets in the Asia-Pacific region.

The industry is expected to grow at 20% to $6.1 billion by FY2019-20. The nutraceutical market has witnessed a strong growth, aided by high demand, innovative products and low regulatory pressure. The industry is categorised in three segments - dietary supplements, functional foods and functional beverages. The sector is already facing severe competition, wherein companies are seeking new opportunities to drive growth.

The nutraceuticals market growth in urban India is at around 22.5%, while it subsided in rural India at 6.3%. With increasing health awareness, and the move towards protective health care and increased regulatory transparency, India's future in nutraceuticals industry looks promising. Simultaneously, there is a strong necessity of developing tailored products, affordable pricing and a sound distribution strategy.
(Source: RNCOS)

COMPANY OVERVIEW

At Laurus, innovation, people and clients are our three major focus areas. We offer a broad and integrated portfolio of products and services to the global pharmaceutical industry. Our best-in-class infrastructure and dynamic team, with emphasis on knowledge, innovation and excellence have enabled us to emerge as a segment-leading manufacturer of high quality APIs. We are also a preferred partner for NCE development and manufacturing, and a trusted source of specialty ingredients for the nutraceutical industry.

Our experience, expertise and core strengths have enabled us to help our clients reach relevant markets quicker. Since our inception, we contributed towards improving access to quality and affordable healthcare worldwide.

We are headquartered in Hyderabad with two manufacturing facilities in India, R&D centre in US and an office in UK. Our world-class infrastructure comprises a state-of-the-art R&D and scale-up laboratory in Hyderabad and large-scale manufacturing facilities at Visakhapatnam.

Business Segments

- **Generics - API**
  Today, we are a global leader in manufacturing several generic APIs. We have developed an in-house range of APIs and related intermediaries, offering a diverse portfolio of products to our customers. We work closely with leading innovators and global health organisations to ensure cost reduction targets without compromising quality standards. We are a world leader in Efavirenz, Tenofovir and Emtrictabine – Atripla combination (essential drug in the WHO list of recommended treatment for HART- main line of treatment for HIV+patients).

- **Generics - FDF**
  We are forward integrating into finished dosage forms (FDF). We aim to create more value for our customers through cost-effective processes and large capacities in the API business.

- **Synthesis**
  We are uniquely positioned to assist our customer needs at any stage of the product lifecycle. We offer support for three broad service segments - drug substance, analytical development and product development.

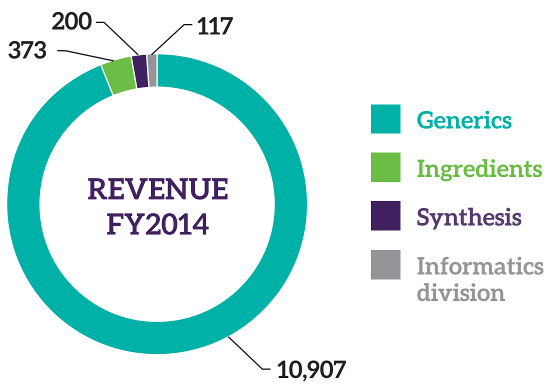
- **Ingredients**
  We have been at the forefront in developing and manufacturing pure, well-characterised specialty ingredients in nutraceutical / dietary supplements and cosmeceutical product segments.

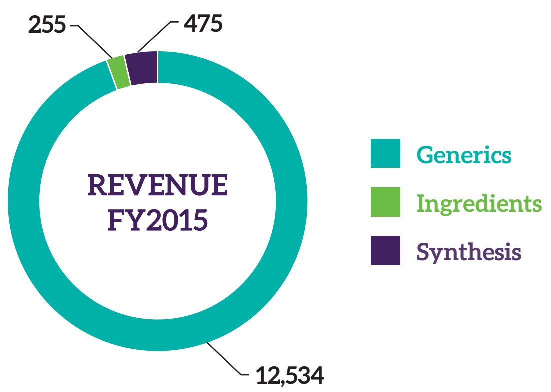
Financial Review

Snapshot (₹ million)

Year	FY2014-15	FY2013-14	Growth(%)
Net Sales	13,263	11,597	14%
EBIDTA	2,395	2,206	9%
PBT	720	1,238	(42%)
PAT	736	991	(26%)

SEGMENT BREAKUP (₹ million)





Business Highlights

- Development of seven API products, totaling to 52 commercialised products
- Filing of five drug master files totaling to 29
- Filing of 13 patents totaling to 106 patents
- Grant of 4 patents totaling to 17 patents

- Infusion of equity of ₹ 3.00 billion into the Company by Warburg Pincus, a renowned private equity firm
- Setting up of Laurus Synthesis Inc., a wholly-owned subsidiary in Boston, US, with development labs to cater to needs of the US customers
- Commencement of commercial operations in Unit 3 in JNPC, Visakhapatnam
- Construction of formulation manufacturing facility in Atchutapuram, Visakhapatnam, which will be operational from December 2015

RESEARCH & DEVELOPMENT

Over the years, we have strengthened our R&D activities to a considerable extent. We possess a state-of-the-art R&D centre, backed by regulatory approvals and certifications. We have invested more than ₹ 1,220 million in R&D in the last three years. We have over 50 laboratories, spread across an area of 175,000 square feet. With a team of more than 500 scientists, the R&D continues to drive us ahead with launch of new and niche drugs. We dedicate considerable resources to R&D to develop new and improved products and processes. They in turn, create value for our customers.

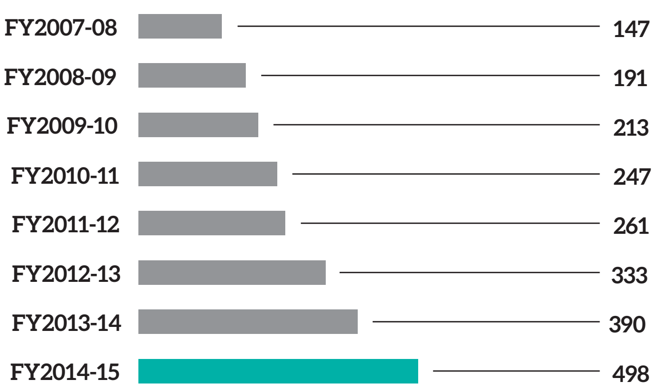
We aim to strengthen our on-going research in pre-defined segments, going forward. We have successfully developed 60 molecules and filed over 100 patents. The R&D team developed seven APIs and commercialised eight APIs during FY2014-15. We entered into a new class of therapy, Hepatitis 'C' and developed a cost effective process for one of the HCV products.

Our manufacturing facilities have kept up with the pace of our expansion and reduced cost of operations and engineering initiatives. We have introduced world-class manufacturing techniques to maximise profitability. The technologies help us maintain environmental guidelines across our projects. Our manufacturing system is continually supporting us to achieve greater heights and deliver quality products in time.

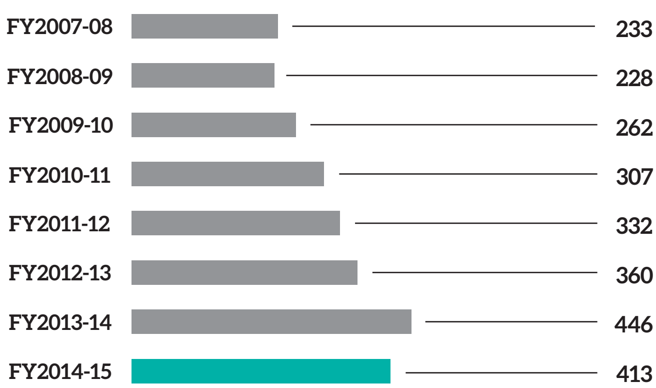
QUALITY & CERTIFICATIONS

We cater to discerning quality-conscious customers globally. We believe quality to be the most important facet of our business and hence, we strive to improve our systems. Over the years, we have invested in strengthening our quality infrastructure. We received recognitions from FDA (USA), FDA (Korea), MHRA (UK), TGA (Australia), WHO-cGMP and PMDA (Japan) among others for our quality assurance. We are also certified with ISO 9001:2008, NQA and UK (UKAS, UK), which ensures our compliance with stringent and regulatory norms at a global level.

ANNUAL R&D SPEND (in ₹ million)



NUMBER OF R&D EMPLOYEES (in ₹ million)



Growth Strategy

We are an integrated pharmaceuticals solutions provider with about 10 years of track record in global operations. Our business strategic objectives are as follows:

- Strong growth, driven by new product launches, capitalising on strong customer relationship, regulatory compliance and constant geographic expansion
- Well-integrated business model, offering products across the entire value chain
- Optimise margins while retaining prudent financial policies

RISK MANAGEMENT

At Laurus Labs, we have a strong risk management structure in place that enables regular and active checking of business operations. This helps in identification, evaluation and mitigation of potential internal or external risks. We have established processes and guidelines, along with a strong overview and monitoring system at the Board and senior management levels. We have laid down procedures to inform our Board members about the risk assessment and risk minimisation measures. We encourage strong ethical values and high levels of integrity in all our activities. This will mitigate risk considerably.

1. **Competition**
   As a considerable share of our business comes from exports, we face a stiff competition from both domestic as well as international markets. We took several steps to deal with the above challenges. They include:

   - Building economies of scale in manufacturing, distribution channel and procurement to maintain cost advantage
   - Strengthening long-term relationship with key customers, by offering better quality and service know-how
   - Introducing cost improvement initiatives and manufacturing efficiency expansion plans at plant
   - Undertaking R&D initiatives, focusing on optimising raw material consumption and increasing the manufacturing capability

2. **Capacity Planning and Optimisation**
   Inadequate capacity threatens the capability to meet customer demands and to be economical. On the other hand, excess capacity pressurises the ability to generate competitive profit margins.

   We ensure that our capacity creation is aligned with our business plans. Our business team frequently monitors all product trends to ensure adequate capacity and meet the demand. We have robust processes in place to continuously examine plant capacities. We also drive improvements associated with our manufacturing practices, such as preventive maintenance schedules, alterations to plant designs in case of frequent breakdown. Further, our project management processes are aligned with business goals.

3. **R&D Efficacy**
   Innovation, speed-to-market and a vigorous product pipeline are significant factors to ensure a pharmaceutical company's success. Failure of R&D to offer pioneering and cost-effective products would result in non-execution of top-line/bottom-line objectives.

   We have a competent strategy in place to moderate this risk. We have allocated budgets and investments in R&D, proportionate with our business plans. Our R&D infrastructures work on cost reduction of existing products and development of new products. We have regularised strong processes and established R&D methodologies to ensure winning commercialisation.

4. **Portfolio and Mix**
   It is important to have a fair portfolio in terms of customers, markets and products so as to be able to implement business strategies and monitor and assess impact of decisions. A change in customer behaviour and outlook may lead to a decrease in market traction and/or adverse competitive position.

   We have taken the following steps to mitigate the above risks:

   - Developing/ entering new geographies/market globally to decrease reliance on a particular market
   - Robust customer and account management programmes to protect itself against shift in customer preference
   - Investment in R&D to broaden the product mix

INTELLECTUAL CAPITAL

We believe in nurturing talented professionals and giving them ample opportunity to grow. Our strong ethical values have driven the development of our organisation. We focus on enhancing our knowledge capital through regular seminars in the field of chemistry. Such seminars increase knowledge sharing among employees. Innovation, intellectual drive and a desire for excellence are reflected in our brand. A combination of these elements facilitated our overall growth. Our total employee strength stood at over 1,800+ as on March 31, 2015.

We run free Cafetaria to all our employees across all locations and also offer transportation services. Middle level employees are considered for Employees Stock Options Scheme.

Our strong focus on safety is reflected through our full-scale safety lab. It is established to assess the safety of reactions when they move from the lab scale to plant. We have invested in mechanising various operations to improve both safety and efficiency. Our EHS policies have been widely circulated, and they provide the guiding philosophy to ensure high standards at all our sites.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

We have adequate systems of internal control and procedures, covering all financial and operating functions commensurate with the size and nature of operations. We believe that a strong internal control framework is one of the important pillars of corporate governance. Continuous efforts are being made to strengthen our control system. It is designed to provide a reasonable assurance with regard to maintaining of accounting controls and assets from unauthorised use or losses. The audit committee looks into all internal aspects and advises corrective actions as and when required.

CAUTIONARY STATEMENTS

Certain statements in the Management Discussion and Analysis describing the Company's objectives, predictions may be "forward-looking statements" within the meaning of applicable laws and regulations. Actual results may vary significantly from the forward looking statements contained in this document due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India, volatility in interest rates, new regulations and Government policies that may impact the Company's business as well as its ability to implement the strategy. The Company does not undertake to update these statements.

1,800+
Team members as on March 31, 2015

20+
Years of experience of the top management

39+
PhD degree holders in the team

32+
Average age of the organisation as on March 31, 2015

STATUTORY REPORTS & FINANCIAL STATEMENTS

DIRECTORS' REPORT

To the Members,

The Directors have pleasure in presenting before you the Annual Report of the Company together with the Audited Statement of Accounts for the year ended March 31, 2015.

(₹ million)

Particulars	2014-15	2013-14
Gross Income	13,376	11,657
Profit Before Interest and Depreciation	2,395	2,206
Finance Charges	1,062	639
Gross Profit	1,333	1,566
Provision for Depreciation	613	329
Net Profit Before Tax	720	1,238
Provision for Tax	(15)	246
Net Profit After Tax	736	991
Balance of Profit brought forward	736	991
Balance available for appropriation	736	991
Surplus carried to Balance Sheet	736	991

BUSINESS OPERATIONS

During the year the Company achieved:

- Growth of 14% gross income, 9% profit before interest and depreciation over previous year
- Development of 7 API Products totaling to 52 commercialised Products
- Filing of 5 drug master files totaling to 29
- Filing of 13 patents totaling to 106 patents
- Grant of 4 patents totaling to 17 patents
- Infusion of equity of ₹ 3.00 billion into the Company by Warburg Pincus one of the world renowned private equity firm
- Setting up of Laurus Synthesis Inc., a wholly owned subsidiary in Boston, US with development labs to cater to the needs of US customers
- Commencement of commercial operations in Unit 3 in JNPC, Visakhapatnam
- Construction of formulation manufacturing facility in Atchutapuram, Visakhapatnam, which will be operational from December 2015
- Quick recovery from HudHud cyclone and restarting operations
- Successful completion of Regulatory Audits without critical observations:
  - US FDA surveillance audit without any observations in April 2015 for existing and expanded API manufacturing facility at JNPC, Parawada, Visakhapatnam
  - WHO surveillance audit without any critical observations in April 2015 for existing API manufacturing facility located at JNPC, Parawada, Visakhapatnam
  - WHO audit without any critical observations in April 2015 for new API manufacturing facility located at JNPC, Parawada, Visakhapatnam
  - Hungarian Agency GMP audit (GYEMSZI) for existing and expanded API manufacturing facilities located at JNPC, Parawada, Visakhapatnam

OUTLOOK

Business prospects remaining positive because of the growing global demand for generics and opportunities provided by patent expires in developed markets.

The business proportions and synergies forms part of growth prospects detailed in the Management's Discussion and Analysis (MDA), which forms part of this Annual Report.

BOARD MEETINGS

Board of Director met 13 times during the financial year 2014-15.

DIRECTORS

During the year, Mr. Niten Malhan and Mr. Narendra Ostawal representing Bluewater Investment Ltd, appointed as directors of the Company effective from October 29, 2014.

During the year Aptuit (Asia) Private Limited, institutional investor, replaced their nominee Mr. Brian T Regan with Mr. Conner Town Mulvee on the Board.

Mr. Amal Ganguli, Independent Director retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

AUDITORS

S.R.Batliboi Associates LLP, Chartered Accountants, the auditors of the Company retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if reappointed.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The internal financial controls with reference to the Financial Statements, including monthly management reviews apart from statutory audit, internal audit and cost compliance are adequate to the size and operations of the Company.

FIXED DEPOSITS

The Company did not accept any fixed deposits.

VIGIL MECHANISM

The Company established whistle blower policy in order to assure that the business is conducted with integrity and that the Company's financial information is accurate.

DIRECTOR'S RESPONSIBILITY STATEMENT

In accordance with the requirements of Section 134(5) of the Companies Act, 1956, the Directors of the Company hereby confirm that:

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

(c) the directors had 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; and

(d) the directors had prepared the annual accounts on a going concern basis.

SUBSIDIARIES

(a) Information about the financial performance/ financial position of Viziphar Biosciences Private Limited

(₹ million)

Particulars	2014-15	2013-14
Gross Income	3	3
Profit Before Interest and Depreciation	1	(4)
Finance Charges	0	0
Gross Profit	1	(4)
Provision for Depreciation	2	1
Net Profit Before Tax	(1)	(5)
Provision for Tax	-	-
Net Profit After Tax	(1)	(5)
Balance of Profit brought forward	(1)	(5)
Balance available for appropriation	(1)	(5)
Surplus carried to Balance Sheet	(1)	(5)

(b) Information about the financial performance/ financial position of Laurus Synthesis Inc., US

(₹ million)

Particulars	2014-15	2013-14
Gross Income	-	-
Profit Before Interest and Depreciation	(54)	-
Finance Charges	0	-
Gross Profit	(54)	-
Provision for Depreciation	0	-
Net Profit Before Tax	(54)	-
Provision for Tax	-	-
Net Profit After Tax	(54)	-
Balance of Profit brought forward	(54)	-
Balance available for appropriation	(54)	-
Surplus carried to Balance Sheet	(54)	-

ANNUAL RETURN

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in MGT 9 is given in the **Annexure 1** and forms part of this Report.

PARTICULARS OF EMPLOYEES

In accordance with the provisions of Section 134 and Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the list of employees drawing remuneration exceeding ₹ 5.00 Lakhs per month is given in **Annexure 2** and appended hereto and froms part of this Report.

HUMAN RESOURCES

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

EMPLOYEE STOCK OPTIONS

During the year the Company has allotted 132,125 equity shares of ₹ 10 each to the eligible employees. Further 75,500 stock options were granted to the eligible employees at an exercise price of ₹ 10 each pursuant to the Employee Stock Option Plan 2011 and the details of stock options are as mentioned in **Annexure 3** and forms part of this Report.

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

The information required under Section 134 (3m) of The Companies Act, 2013, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is appended hereto as **Annexure 4** and forms part of this Report.

CORPORATE SOCIAL RESPONSIBILITY POLICY

Pursuant to the provisions of section 135 and schedule VII of the Companies Act, 2013, CSR Committee of the Board of Directors was formed to recommend (a) the policy on Corporate Social Responsibility (CSR) and (b) implementation of the CSR Projects or Programs to be undertaken by the Company as per **Annexure 5** and forms part of this Report.

ACKNOWLEDGEMENTS

Your Directors would like to place on record their sincere appreciation to customers, business associates, bankers, vendors, government agencies and shareholders for their continued support.

Your Directors are also happy to place on record their sincere appreciation to the co-operation, commitment and contribution extended by all the employees of the Laurus family and look forward to enjoying their continued support and cooperation.

For and on behalf of the Board

Hyderabad	Dr. C. Satyanarayana	V. V. Ravi Kumar
April 30, 2015	Chief Executive Officer	Executive Director

ANNEXURE - I

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on March 31, 2015
[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:	U24239AP2005PTC047518
ii)	Registration Date:	September 19, 2005
iii)	Name of the Company:	Laurus Labs Private Limited
iv)	Category / Sub-Category of the Company:	Private Limited Co.,
v)	Address of the Registered office and contact details:	Plot No 21, JN Pharma City, Parawada, Visakhapatnam, 531021, India Tel: +91 891 3061222
vi)	Whether listed company	No
vii)	Name, Address and Contact details of Demat Registrar and Transfer Agent:	Venture Capital and Corporate Investments Private Limited, 12-10-167, Bharatnagar Hyderabad-500018

II. Principal business activities of the company

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

SI. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Manufacture of pharmaceutical products	304	98%
2	Research & Development	922	2%

III. Particulars of holding, subsidiary and associate companies

SI. No.	Name and address of the company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section of Companies Act 2013
1	Viziphar Biosciences Private Limited	U73100KA2005PTC037593	Subsidiary	100%	Section 2(87) (ii)
2	Laurus Synthesis Inc		Subsidiary	100%	Section 2(87) (ii)
3	Sriam Labs Private Limited	U24239TG2002PTC038490	Associate	27%	Section 2(6)

IV. Share holding pattern

(Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian	-	4,434,500	4,434,500	28.83	100,000	3,634,500	3,734,500	24.08	4.75
a) Individual/HUF									
b) Central Govt									
c) State Govt (s)									
d) Bodies Corp									
e) Banks / FI									
f) Any other Sub-total									
(A) (1):-	-	4,434,500	4,434,500	28.83	100,000	3,634,500	3,734,500	24.08	4.75
(2) Foreign									
a) NRIs-Individuals									
b) Other-Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any other Sub-total									
(A) (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of									
Promoter									
(A) = (A)(1)+(A)(2)	-	4,434,500	4,434,500	28.83	100,000	3,634,500	3,734,500	24.08	4.75
B. Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									

IV. Share holding pattern (Contd.)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
d) State Govt									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs	-	4,630,630	4,630,630	30.11	5,923,630	1,000	5,924,630	38.20	(8.09)
h) Foreign Venture Capital Funds									
i) Others (specity)									
Trusts	-	200,000	200,000	1.30	-	201,000	201,000	1.30	0.004
Sub-total (B)(1):-	**-**	**4,830,630**	**4,830,630**	**31.41**	**5,923,630**	**202,000**	**6,125,630**	**39.50**	**(8.086)**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 Lakh	-	149,625	149,625	0.97	-	266,750	266,750	1.71	(0.735)
ii) Individual shareholders holding nominal share capital in excess of ₹ Lakh	-	5,940,000	5,940,000	38.62	1,800,000	3,560,000	5,360,000	34.56	4.067
c) Others (specify) NR Individual	-	25,000	25,000	0.16	-	25,000	25,000	0.16	(0.001)
Sub-total (B)(2):-	**-**	**6,114,625**	**6,114,625**	**39.76**	**1,800,000**	**3,851,750**	**5,651,750**	**36.42**	**3.331**
Total Public Shareholding									
(B)=(B)(1)+ (B)(2)	-	10,945,255	10,945,255	71.17	7,723,630	4,053,750	11,777,380	75.92	(4.755)
C. Shares held by Custodian for GDRs & ADRs									
Grand Total A+B+C)	**-**	**15,379,755**	**15,379,755**	**100.00**	**7,823,630**	**7,688,250**	**15,511,880**	**100.00**	**-**

(ii) Shareholding of Promoters

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Dr. C. Satyanarayana	4,895,426	24.336	4.23	4,195,426	17.186	0	7.143
	Total	**4,895,426**	**24.336**	**4.23**	**4,195,426**	**17.186**	**0**	**7.143**

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

SI. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	4,895,426	24.336	Nil	
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):	On 29.10.2014 transferred 700,000 equity shares to Bluewater Investment Ltd			
2	At the End of the year	4,195,426	17.193		

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

SI. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Bluewater Investment Ltd				
	At the beginning of the year	0	0		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	On 29.10.2014 purchased 3,330,758 equity shares, 13,242 Series B Preference shares through transfers and 4,153,399 Series C Preference shares through allotment			
	At the End of the year (or on the date of separation, if separated during the year)	7,497,399	30.725		
2	FIL Capital Management (Mauritius) Limited				
	At the beginning of the year	6,603,161	32.825		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	On 29.10.2014 transferred 2,036,758 equity shares to Bluewater Investment Ltd			
	At the End of the year (or on the date of separation, if separated during the year)	4,566,403	18.713		
3	Aptuit (Asia) Private Limited				
	At the beginning of the year	2,260,060	11.235		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	No change in No. of shares held			
	At the End of the year (or on the date of separation, if separated during the year)	2,260,060	9.262		
4	Ms. C Naga Rani				
	At the beginning of the year	1,560,000	7.755		

SI. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year: No. of shares	% of total shares of the Company	Cumulative Shareholding during the year: No. of shares	% of total shares of the Company
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	No change in No. of shares held			
	At the End of the year (or on the date of separation, if separated during the year)	1,560,000	6.393		
5	Ms Y Vijayalakshmi				
	At the beginning of the year	825,000	4.101		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	On 29.10.2014 transferred 225,000 equity shares in favour of Bluewater Investment Ltd			
	At the End of the year (or on the date of separation, if separated during the year)	600,000	2.459		
6	Dr. C V Lakshmana Rao				
	At the beginning of the year	600,000	2.983		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	On 29.10.2014 transferred 25,000 equity shares in favour of Bluewater Investment Ltd			
	At the End of the year (or on the date of separation, if separated during the year)	575,000	2.356		

(v) Shareholding of Directors and Key Managerial Personnel:

SI. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year: No. of shares	% of total shares of the Company	Cumulative Shareholding during the year: No. of shares	% of total shares of the Company
1	Dr. C Satyanarayana				
	At the beginning of the year	4,895,426	24.336		
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus / sweat equity etc):	On 29.10.2014 transferred 700,000 equity shares to Bluewater Investment Ltd			
	At the End of the year	4,195,426	17.193		
2	Dr. Srihari Raju Kalidindi				
		1,300,000	6.462		
		No change in No. of shares held			
		1,300,000	5.327		
3	Mr. V V Ravi Kumar				
	At the beginning of the year	500,000	2.486		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	On 29.10.2014 transferred 100,000 equity shares to Bluewater Investment Ltd			
	At the End of the year	400,000	1.639		

SI. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
4	Mr. Nagaraj Kumar A				
	At the beginning of the year	3,750	0.019		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus / sweat equity etc):	On 25.09.2014 3,750 equity shares were allotted under ESOP Scheme			
	At the End of the year	7,500	0.031		

V. Indebtedness

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	5,428.15			
ii) Interest due but not paid	0			
iii) Interest accrued but not due	19.61			
Total (i+ii+iii)	**5,441.08**			
Change in Indebtedness during the financial year				
• Addition	3,970.65			
• Reduction	1,187.74			
Net Change	**2,782.91**			
Indebtedness at the end of the financial year				
i) Principal Amount	8,211.06			
ii) Interest due but not paid	0			
iii) Interest accrued but not due	40.35			
Total (i+ii+iii)	**8,251.41**			

VI. Remuneration of directors and key managerial personnel

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

Particulars	Dr. C. Satyanarayana Chief Executive Officer	Dr. Raju S Kalidindi Executive Director	V.V. Ravi Kumar Executive Director
Basic Salary	15,050,598	6,045,196	6,045,196
Bonus/ Benefits	-	-	-
House Rent Allowance	6,020,237	2,418,075	2,418,075
Others Allowances	11,148,232	4,767,785	4,625,185
Commission	-	-	-
Other Perquisites/ performance linked incentive	-	-	-
Contribution to Provident Fund / Pension	1,965,089	789,319	789,319
Contribution to Superannuation Fund	-	-	100,000
Stock Option	-	-	-
Service contracts/ notice period/ severance fees	-	-	-
	34,184,155	**14,020,374**	**13,977,775**

B. Remuneration to Independent Director:

Particulars	Amal Ganguli
Basic Salary	-
Bonus/ Benefits	-
House Rent Allowance	-
Others Allowances	-
Commission	-
Other Perquisites/ performance linked incentive	-
Contribution to Provident Fund / Pension	-
Contribution to Superannuation Fund	-
Stock Option	-
Service contracts/ notice period/ severance fees	2,400,000
	2,400,000

C. Remuneration to Other Non-Executive Directors:

Particulars	Frank J Wright
Basic Salary	
Bonus/ Benefits	
House Rent Allowance	
Others Allowances	
Commission	-
Other Perquisites/ performance linked incentive	-
Contribution to Provident Fund / Pension	-
Contribution to Superannuation Fund	-
Stock Option	-
Service contracts/ notice period/ severance fees	3,556,944
	3,556,944

Total Managerial Remuneration (A+B+C)	**68,139,248**
Overall Ceiling as per the Act	**Not Applicable**

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD - Not Applicable

SI. No.	Particulars of Remuneration		Key Managerial Personnel			
			CEO	Company Secretary	CFO	Total
1	Gross salary					
	(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961				
	(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961				
	(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2	Stock Option					
3	Sweat Equity					
4	Commission - as % of profit					
5	Others, please specify					
	Total					

VII. Penalties / Punishment/ Compounding of offences: Not Applicable

Type		Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A.	COMPANY					
	Penalty					
	Punishment					
	Compounding					
B.	DIRECTORS					
	Penalty					
	Punishment					
	Compounding					
C.	OTHER OFFICERS IN DEFAULT					
	Penalty					
	Punishment					
	Compounding					

ANNEXURE – 2

Information as per Section 134 and Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (₹ million)

Employee Name	Qualification	DOJ	Age	Prev Exp	Prev Employer	Total Salary
Dr. Satyanarayana C	M Sc, Ph D	21-Jan-06	52	29	Matrix Laboratories, India	34.18
Dr. Raju S Kalidindi	M Sc, Ph D	03-Apr-06	51	29	Mayne Pharma, Australia	14.02
Ravi Kumar VV	M Com, FCMA	30-Nov-06	50	26	Matrix Laboratories, India	13.98
Dr. Anjaneyulu GSR	M Sc, Ph D	05-Feb-07	53	30	Matrix Laboratories, India	8.92
Dr. Venkata Lakshmana Rao C	M Sc, Ph D	07-Feb-07	52	27	Mayne Pharma, Australia	7.02
Srinivasa Rao S	M Sc	02-Apr-08	47	20	Matrix Laboratories, India	7.13
Anil Kumar	ACMA	10-Mar-08	47	17.5	Dr. Reddy's Laboratories	6.25
Martyn Oliver James Peck	B Sc	18-Aug-08	46	25	Mayne Pharma, Australia	17.36
Rashmi Ranjan Patra	M.M.S	12-Dec-13	53	28	Actavis Pharma	9.37

Notes: i) Remuneration includes basic salary, allowances, taxable value of perquisites, etc.
The term remuneration has the meaning assigned to it in the Explanation to Section 198 of the Companies Act, 2013.

ii) None of the above employees are relatives to any director of the Company.

iii) None of the above employees own more than 2% of the outstanding shares of the Company as on March 31, 2015 except Dr. Satyanarayana, Dr. Raju S Kalidindi and Dr. C.V. Lakshmana Rao.

iv) The nature of employment is contractual in all the above cases.

ANNEXURE – 3

Employees stock option scheme (ESOP 2011 Plan)

The board of directors has approved the Laurus Employees Stock Option Scheme (ESOP) 2011 for issue of shares to eligible employees of the Company effective from September 19, 2011. According to the Scheme, the options granted shall vest within a period of four years, subject to the terms and conditions specified in the scheme.

Exercise period				
Grant	Number of options	Year 1	Year 2	Year 3
		25%	25%	50%
Grant I	553,000	20-Sep-13	20-Sep-14	20-Sep-15
Grant II	28,000	31-Dec-14	19-Sep-15	19-Sep-16
Grant III	38,500	19-Sep-15	19-Sep-16	19-Sep-17
Grant IV	75,500	19-Sep-16	19-Sep-17	19-Sep-18

Date of Grant	Number of options Granted	Exercise price	Fair value for option at grant date
September 19, 2011	**553,000**	**10**	**105.96**
December 31, 2012	**28,000**	**10**	**171.22**
September 19, 2013	**38,500**	**10**	**183.10**
September 19, 2014	**75,500**	**10**	**270.00**

The details of activity under the Scheme ESOP 2011 are summarised below :

	March 31, 2015	**March 31, 2014**
	No. of options	**No. of options**
Outstanding at the beginning of the year	453,375	564,000
Granted during the year	75,500	38,500
Forfeited during the year	19,750	10,000
Exercised during the year	132,125	139,125
Outstanding at the end of the year	377,000	453,375
Exercisable at the end of the year	10,500	5,000

The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	March 31, 2015			
	Grant IV	Grant III	Grant II	Grant I
Dividend yield	0.0%	0.0%	0.0%	0.0%
Expected volatility	0.0%	0.0%	0.0%	0.0%
Risk-free interest rate	8.56%	8.47%	8.01%	8.34%
Weighted average share price of ₹	269.97	175.94	171.22	113.15
Exercise price of ₹	10.00	10.00	10.00	10.00
Expected life of options granted in years	3.50	3.50	3.50	3.51

	March 31, 2014			
	Grant IV	Grant III	Grant II	Grant I
Dividend yield	-	0.0%	0.0%	0.0%
Expected volatility	-	0.0%	0.0%	0.0%
Risk-free interest rate	-	8.47%	8.01%	8.34%
Weighted average share price of ₹	-	175.94	171.22	113.15
Exercise price of ₹	-	10.00	10.00	10.00
Expected life of options granted in years	-	3.50	3.50	3.51

The expected life of the stock is based on the historical data and current expectations and is not necessarily indicative of exercise pattern that may occur.

ANNEXURE - 4

FORM A - Particulars with respect to Conservation of Energy

Particulars			2014-15	2013-14
1.	Electricity			
	a.	Bought-out Power		
		Units	38,224,233	27,370,892
		Total Amount - (₹ in million)	256	180
		Rate/Unit – ₹	6.69	6.57
	b.	Private Purchases:		
		Units	7,651,971	9,579,883
		Total Amount - (₹ in million)	33	54
		Rate/Unit – ₹	4.29	5.66
	b.	Own generation through Diesel Generator Units		
		Units	8,042,816	2,685,538
		Total Amount – (₹ in million)	130.10	45.52
		Rate/Unit – ₹	16.18	16.95
2.	Coal (D/C grade)			
	Quantity (Kgs)		8,872,353	6,638,930
	Total Cost - (₹ in million)		47.36	32.66
	Average rate /Kg – ₹		5.34	4.92
3.	Steam Bought out			
	Quantity (M.T.)		27,332	26,227
	Total Cost - (₹ in million)		18.72	18.78
	Average rate /MT – ₹		685.01	716.21

Expenditure on R&D

Particulars	2014-15	2013-14
Capital	88.54	34.51
Recurring	497.95	389.89
Total	**586.49**	**424.40**

Form B - Particulars with respect to technology absorption-Research & Development (R&D)

1.	Specific areas in which R&D is carried out by the Company	Process Development for Active Pharmaceutical Ingredients and Intermediates. Development of Nutraceutical Ingredients and Fine Chemicals. Process optimisation for new chemical entities, intermediates thereof developed by International harma companies as Contract Research and Manufacturing services. Development of Process for Drug Product.
2.	Benefits derived as a result of the above R&D	Developed novel processes and achieved cost and process efficiencies on existing products. Developed the process for new products. Developed Polyphenolic Nutraceutical Ingredients.
3.	Future plan of action	To develop novel processes for additional Active Pharmaceutical Ingredients and intermediates. To develop the processes using alternate technologies for Active Pharmaceutical Ingredients, Nutraceutical Ingredients to reduce the costs by improving the process efficiencies Expand the portfolio of Nutraceutical Ingredients and Fine Chemicals Continue to expand Contract Research and Manufacturing Services.

Technology absorption, adaptation and innovation

1.	Efforts in brief, made towards technology absorption & adoption	No technology absorption is involved. The Company has its own R&D center which has been developing and improving processes for manufacture of active pharmaceutical ingredients and drug intermediates.
2.	Benefits derived as a result of the above efforts	Processes for several active pharmaceutical ingredients have been developed. Process optimisation was achieved in production, which resulted in lower cost of production and substantial exports.
3.	Information regards import of technology during the last 5 years	There was no import of technology.

Form C

Foreign exchange earnings and outgo	Please refer information given in the Notes to Standalone Financial Statements of the Company in item nos. 39 to 42

ANNEXURE 5

Corporate Social Responsibilty Policy Expenditure Statement (₹ million)

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.**		
2	The Composition of the CSR Committee.		
3	Average net profit of the company for last three financial years	:	771.48
4	Prescribed CSR Expenditure (2% of item 3 above)	:	15.43
5	Details of CSR spent during the financial year.	:	Refer point No. 8 below
6	Total amount to be spent for the financial year;	:	16.87
7	Amount unspent, if any;	:	**0**
8	**Manner in which the amount spent during the financial year is detailed below (₹)**		

1	2	3	4	5	6	7	8
	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	Amount spent on the projects or Programs Sub-heads: (1) Direct expenditure on projects or programs. (2) Overheads:	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency *
1	Salary to School teacher	Promoting Education	Hyderabad - Telengana	0	60,000	60,000	Direct
2	School Bags, Note Books Desire society	Promoting Education	Hyderabad -Telengana	0	100,000	160,000	Paid to Trust
3	Donation for IPC Meeting	Promoting Education	Hyderabad -Telengana	0	300,000	460,000	Direct
4	International conference on new dimensions	Promoting Education	Hyderabad -Telengana	0	50,000	510,000	Direct
5	Donation to Prajahita Seva Samithi	Promoting Preventive Health Care	Visakhapatnam -AP	0	50,000	560,000	Paid to Trust

1	2	3	4	5	6	7	8
	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	Amount spent on the projects or Programs Sub-heads: (1) Direct expenditure on projects or programs. (2) Overheads:	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency *
6	Sanitation - Hudhud effected villages	Sanitation	Visakhapatnam -AP	0	18,050	578,050	Direct
7	Prathiba Purskars-2014	Promoting Education	Visakhapatnam -AP	0	241,081	819,131	Direct
8	Stipend (Krishna University)	Promoting Education	Visakhapatnam -AP	0	748,250	1,576,381	Direct
9	Distribution of Ganesh idols	Environmental sustainability	Visakhapatnam -AP	0	135,140	1,702,521	Direct
10	Sanitation - Hudhud effected villages	Sanitation	Visakhapatnam -AP	0	65,000	1,767,521	Direct
11	Drinking water facility	Safe Drinking Water	Visakhapatnam -AP	0	575,805	2,343,326	Direct
12	Drinking water facility	Safe Drinking Water	Visakhapatnam -AP	0	172,500	2,515,821	Direct
13	Plantation	Environmental sustainability	Visakhapatnam -AP	0	1,344,000	3,859,826	Direct
14	Plantation	Environmental sustainability	Visakhapatnam -AP	0	393,750	4,253,576	Direct
15	Drinking water facility	Safe Drinking Water	Visakhapatnam -AP	0	35,773	4,289,349	Direct
16	Donation to LV Prasad Eye Hospital	Promoting Preventive Health Care	Hyderabad -Telengana	0	1,000,000	5,289,349	Direct
17	Drinking water facility	Safe Drinking Water	Munnaluru -AP	0	2,005,750	7,295,099	Direct
18	Akshaya Patra - Mobile Van Facilty	eradicating hunger	Visakhapatnam -AP	0	1,045,779	8,340,878	Paid to Trust
19	Mission Swatch Bharat	Sanitation	Visakhapatnam -AP	0	1,144,000	9,484,878	Paid to Mission Swatch Bharat
20	Stipend (Gitam University)	Promoting Education	Visakhapatnam -AP	0	4,436,129	13,921,007	Direct
21	Hudhud donation	Disaster relief	Visakhapatnam -AP	0	2,946,578	16,867,585	Direct
	Total				**16,867,585**		

INDEPENDENT AUDITOR'S REPORT

To
The Members of
Laurus Labs Private Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying standalone financial statements of Laurus Labs Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment,including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2015, its profit, and its cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 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 bylaw have been kept by the Company so far as it appears from our examination of those books;

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

(d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

(e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164 (2) of the Act;

(f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our 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 financial statements – Refer Note 38 to the financial statements;

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

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

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W

per Vikas Kumar Pansari
Partner
Membership Number: 093649

Place of Signature : Hyderabad
Date : April 30, 2015

ANNEXURE TO THE AUDITOR'S REPORT

Annexure referred to in paragraph 1 of our report of even date

Re: Laurus Labs Private Limited

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

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(ii) (a) The Management has conducted physical verification of inventory at reasonable intervals during the year.

(b) The procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory. Discrepancies noted on physical verification of inventories were not material, and have been properly dealt with in the books of account.

(iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) and (b) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.

(v) The Company has not accepted any deposits from the public.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of Active Pharma Ingredients including Intermediates and services of contract research, 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) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities.

b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount demanded (₹ in million)	Amount paid under dispute (₹ in million)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Disallowance of deduction under Section 10A of the Income Tax Act, 1961	10.10	7.05	AY 2008-09	Honorable High Court of Karnataka

(d) According to the information and explanations given to us, the provisions of investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder are not applicable to the company.

(viii) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

(ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

(x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W

per Vikas Kumar Pansari
Partner
Membership Number: 093649

Place of Signature : Hyderabad
Date : April 30, 2015

BALANCE SHEET

as at March 31, 2015

(All amounts in Million Rupees except for share data or as otherwise stated)

	Notes	March 31, 2015	March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	**821.25**	778.40
Reserves and Surplus	4	**6,470.95**	2,824.81
		7,292.20	**3,603.21**
Non Current Liabilities			
Long Term Borrowings	5A	**3,036.77**	1,881.72
Deferred Tax Liability (Net)	6	**113.00**	128.26
Other Long Term Liabilities	7	**446.58**	-
Long Term Provisions	8A	**51.26**	39.33
		3,647.61	**2,049.31**
Current Liabilities			
Short Term Borrowings	9	**4,316.35**	3,121.84
Trade Payables	10	**2,300.74**	2,274.51
Other Current Liabilities	11	**1,331.44**	1,641.16
Short Term Provisions	8B	**92.04**	80.38
		8,040.57	**7,117.89**
Total		**18,980.38**	**12,770.41**
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible Assets	12	**7,944.14**	4,940.13
Intangible Assets	12	**61.15**	46.78
Capital Work in Progress	12	**1,072.54**	1,160.99
Non Current Investments	13	**191.11**	4.55
Long Term Loans and Advances	14A	**955.18**	694.61
Other Non Current Assets	15A	**139.62**	145.24
		10,363.74	**6,992.30**
Current Assets			
Inventories	16	**4,754.96**	3,280.97
Trade Receivables	17	**2,850.45**	1,948.75
Cash and Bank Balances	18	**555.64**	230.41
Short Term Loans and Advances	14B	**309.36**	252.46
Other Current Assets	15B	**146.23**	65.52
		8,616.64	**5,778.11**
Total		**18,980.38**	**12,770.41**
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.
This is the Balance Sheet referred to in our report of even date

For S.R.BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number : 101049W

per Vikas Kumar Pansari
Partner
Membership No. 093649

Place : Hyderabad
Date : April 30, 2015

For and on behalf of the Board of Directors
LAURUS LABS PRIVATE LIMITED

Dr. C. Satyanarayana
Chief Executive Officer

V.V. Ravi Kumar
Executive Director

Place: Hyderabad
Date: April 30, 2015

A. Nagaraj Kumar
Company Secretary

STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2015

(All amounts in Million Rupees except for share data or as otherwise stated)

		Notes	March 31, 2015	March 31, 2014
I.	**INCOME**			
	Revenue from Operations (Gross)	19	**13,376.47**	11,656.86
	Less: Excise Duty		**113.34**	59.69
	Revenue from Operations (Net)		**13,263.13**	11,597.17
	Other Income	20	**340.67**	88.17
	Total Revenue (I)		**13,603.80**	**11,685.34**
II.	**EXPENSES**			
	Cost of Materials Consumed	21	**9,066.23**	7,882.88
	Purchase of Traded Goods	22	**61.85**	79.01
	Increase in Inventories of Finished Goods and Work-in-Progress	23	**(844.53)**	(702.93)
	Other Manufacturing Expenses	24	**1,232.24**	776.61
	Employee Benefits Expenses	25	**1,294.70**	1,041.15
	Operating and Selling Expenses	26	**398.52**	402.68
	Total Expenses (II)		**11,209.01**	**9,479.40**
III.	**Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) (I-II)**		**2,394.79**	2,205.94
	Depreciation and Amortisation	12	**612.83**	328.80
	Finance Costs	27	**1,061.57**	639.47
IV.	**Profit Before Tax**		**720.39**	1,237.67
V.	**Tax Expense**			
	Current Tax (including taxes for earlier years ₹ 14.33 (March 31, 2014: ₹ Nil))		**166.58**	248.11
	Minimum Alternate Tax credit entitlement (including taxes for earlier years ₹ 14.33 (March 31, 2014: ₹ Nil))		**(166.58)**	(248.11)
	Deferred Tax Charge (Credit)		**(15.26)**	246.46
	Total Tax Expense /(Credit)		**(15.26)**	**246.46**
VI.	**Profit for the year**		**735.65**	**991.21**
	Earnings Per Equity Share ₹ 10 each fully paid (March 31, 2014: ₹ 10 each fully paid)	28		
	Computed on the basis of total profit for the year			
	Basic (₹)		**47.63**	64.86
	Diluted (₹)		**33.18**	48.90
	Summary of Significant Accounting Policies	2.1		

The accompanying notes are an integral part of the financial statements.
This is the Statement of Profit and Loss referred to in our report of even date

For S.R.BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number : 101049W

per Vikas Kumar Pansari
Partner
Membership No. 093649

Place : Hyderabad
Date : April 30, 2015

For and on behalf of the Board of Directors
LAURUS LABS PRIVATE LIMITED

Dr. C. Satyanarayana
Chief Executive Officer

V.V. Ravi Kumar
Executive Director

Place: Hyderabad
Date: April 30, 2015

A. Nagaraj Kumar
Company Secretary

CASH FLOW STATEMENT
for the year ended March 31, 2015

(All amounts in Million Rupees except for share data or as otherwise stated)

Particulars	March 31, 2015	March 31, 2014
CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax	**720.39**	1,237.67
Adjustments for :		
Depreciation and amortisation	**612.83**	328.80
Profit on Sale of fixed assets (net)	**(0.16)**	1.35
Interest income	**(21.65)**	(34.89)
Interest expense	**862.43**	514.56
Gross compensation for options granted during the year	**9.10**	17.62
Net gain on foreign exchange fluctuations (unrealised)	**(116.81)**	(52.36)
Unclaimed balance written back	**(16.45)**	-
Advances and bad debts written off	**0.99**	3.29
Provision for doubtful advance and receivables	**0.76**	2.36
Provision for diminution in value of investments	**4.55**	-
Gratuity and compensated absences	**25.76**	20.77
Operating Profit Before Working Capital Changes	**2,081.74**	**2,039.17**
Movement In Working Capital:		
Increase in inventories	**(1,473.99)**	(1,719.07)
Increase in trade receivables	**(897.21)**	(392.96)
Increase in long term loans and advances	**(35.69)**	(4.98)
Increase in short term loans and advances	**(57.40)**	(130.32)
(Increase) / Decrease in other non current assets	**(26.74)**	19.44
Increase in other current assets	**(76.71)**	(32.07)
Increase in other long term liabilities	**548.52**	-
Increase in trade payables	**90.04**	1,002.63
Increase/ (Decrease) in other current liabilities	**(573.00)**	664.67
Cash Generated From Operations	**(420.44)**	**1,446.51**
Direct taxes paid	**(168.18)**	(234.24)
Net Cash Flow from/ (used in) Operating Activities (A)	**(588.62)**	**1,212.27**
Cash Flow Used In Investing Activities		
Purchase of fixed assets, including intangible assets, capital work in progress and capital advances	**(3,802.24)**	(3,090.85)
Proceeds from sale of fixed assets	**9.70**	32.67
Investments in bank deposits	**(76.12)**	(56.92)
Purchase of investment	**(191.11)**	(4.55)
Net Cash Flow Used In Investing Activities (B)	**(4,059.77)**	**(3,119.65)**

CASH FLOW STATEMENT

for the year ended March 31, 2015 (Contd.)

(All amounts in Million Rupees except for share data or as otherwise stated)

Particulars	March 31, 2015	March 31, 2014
Cash Flow From Financing Activities		
Proceeds from issue of equity shares	**1.32**	1.39
Proceeds from Issue of CCPCPS-Series C Preference Shares (Net of share issue expenses of ₹ 57.10)	**2,942.90**	-
Repayment of long - term borrowings	**(1,187.74)**	(434.12)
Proceeds from long - term borrowings	**2,748.09**	1,576.27
Proceeds from short - term borrowings (net)	**1,184.60**	1,360.85
Interest received	**13.33**	38.10
Interest paid	**(841.69)**	(512.14)
Net Cash Flow From Financing Activities (C)	**4,860.81**	**2,030.35**
Net increase in cash and cash equivalents (A+B+C)	**212.42**	122.97
Cash and Cash Equivalents at the beginning of the year	**149.66**	26.69
Cash and Cash Equivalents at the end of the year	**362.08**	**149.66**
Notes:		
Components of Cash and Cash Equivalents:		
Cash on hand	**2.29**	0.62
Balances with banks		
On current accounts	**209.79**	149.04
On fixed deposits	**150.00**	-
Total Cash and Cash Equivalents	**362.08**	149.66

The accompanying notes are an integral part of the financial statements.
This is the Cash Flow referred to in our report of even date

For S. R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number : 101049W

per Vikas Kumar Pansari
Partner
Membership No. 093649

Place : Hyderabad
Date : April 30, 2015

For and on behalf of the Board of Directors
LAURUS LABS PRIVATE LIMITED

Dr. C. Satyanarayana
Chief Executive Officer

V.V. Ravi Kumar
Executive Director

Place: Hyderabad
Date: April 30, 2015

A. Nagaraj Kumar
Company Secretary

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to financial statements for the year ended March 31, 2015

(All amounts in Million Rupees except for share data or as otherwise stated)

1. CORPORATE INFORMATION

Laurus Labs Private Limited offers a broad and integrated portfolio of Active Pharma Ingredients (API) including intermediates and Contract Research services to cater to the needs of the global pharmaceutical industry. The Company is equipped with an Active Pharma Ingredients (API) manufacturing facilities situated in Jawaharlal Nehru Pharma City at Visakhapatnam and a Research and Development Centre in IKP Knowledge Park at Hyderabad.

2. BASIS OF PREPARATION

The financial statements of the Company have been prepared as a going concern in accordance with the generally accepted accounting principles in India (Indian GAAP) and comply in all material respects with the applicable accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

2a. Change in Accounting Policy/ estimate:

Depreciation on fixed assets

Till the year ended March 31, 2014, Schedule XIV to the Companies Act, 1956, prescribed requirements concerning depreciation of fixed assets. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013. The applicability of Schedule II has resulted in the following changes related to depreciation of fixed assets.

(a) Useful lives/ depreciation rates

Till the year ended March 31, 2014, depreciation rates prescribed under Schedule XIV were treated as minimum rates and the Company was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/ lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements.

Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II.

Had the Company continued to use the earlier estimated useful life of fixed assets for providing depreciation, the charge to Statement of profit and loss for the current year would have been lower by ₹ 59.56 and the net block of fixed assets and profit before tax would have been higher by ₹ 59.56.

b) Depreciation on assets costing ₹ 5,000/- or less

Till year ended March 31, 2014, to comply with the requirements of Schedule XIV to the Companies Act, 1956, the Company was charging 100% depreciation on assets costing less than ₹ 5,000/- in the year of purchase. However, Schedule II to the Companies Act 2013, applicable from the current year, does not recognise such practice. Hence, to comply with the requirement of Schedule II to the Companies Act, 2013, the Company has changed its accounting policy for depreciations of assets costing less than ₹ 5,000/-. As per the revised policy, the Company is depreciating such assets over their useful life as assessed by the management. The management has decided to apply the revised accounting policy prospectively from accounting periods commencing on or after April 01, 2014.

The change in accounting for depreciation of assets costing less than ₹ 5,000/- did not have any material impact on financial statements of the Company for the current year.

2.1 Summary of significant accounting policies

a. Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the

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to financial statements for the year ended March 31, 2015

(All amounts in Million Rupees except for share data or as otherwise stated)

Management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting year. Although these estimates are based on the Management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcome requiring a material adjustment to the carrying amounts of assets or liabilities in future years.

b. Tangible Fixed Assets

Tangible Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

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

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

c. Depreciation on tangible Fixed Assets

i. Land acquired on lease is amortised over the period of lease.

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The management has estimated, supported by independent assessment by professionals, the useful lives of the following classes of assets.

	Useful lives estimated by the management (years)	Useful lives as stated in the Act (years)
Factory buildings	30	30
Other buildings	60	60
Plant and Equipment	5-20	5-20
Furniture and fixtures	10	10
Vehicles	5	8
Computers	3-6	3-6

d. Intangible Assets

Computer Softwares

i. Costs relating to software, which is acquired, are capitalised and amortised on a straight-line basis over their estimated useful lives of five years.

ii. Expenditure incurred on development of internally generated assets such as software from which future economic benefits will flow over a period of time is amortised over the estimated useful life or 5 years on a straight line basis, whichever is earlier.

e. Leases

Where the Company is a Lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss.

f. Borrowing Costs

Borrowing costs include interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

(All amounts in Million Rupees except for share data or as otherwise stated)

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the year they occur.

g. Impairment

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

h. Investments

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. Provision is made for diminution in value to recognise a decline other than temporary in the value of the investments. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

i. Inventories

Raw materials and packing materials are valued at lower of cost and net realisable value. Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials and packing materials is determined on a weighted average basis.

Work-in-progress and finished goods are valued at the lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads. Cost of finished goods is determined on a weighted average basis.

Traded goods are valued at the lower of cost and net realisable value.

Stores and spares are valued at the lower of cost and net realisable value. Cost of stores and spares is determined on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

j. Revenue Recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of Products

Revenue from sale of goods is recognised when all the significant risks and rewards of

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to financial statements for the year ended March 31, 2015

(All amounts in Million Rupees except for share data or as otherwise stated)

ownership of the goods have been passed to the buyer, usually on delivery of the goods and acceptance by the buyer and any the additional amount is recognised based on the terms of the agreement entered into with customers, in the period when the collectability of the profit share becomes probable and a reliable measure of the profit share is available. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. They are, therefore, excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Sale of Services

Revenue from contract research operations is recognised in accordance with the terms of the relevant contracts with customers and when the related services are performed or the agreed milestones are achieved.

Interest Income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head “other income” in the statement of profit and loss.

Dividend Income

Dividend income is recognised when the Company’s right to receive the dividend is established by the reporting date.

k. Foreign currency translation

i. Initial Recognition

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

ii. Conversion

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

iii. Exchange Differences

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

iv. Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortised and recognised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contracts is recognised as income or as expense for the year.

l. Retirement and other employee benefits

Retirement benefits in the form of provident fund contribution and superannuation are defined contribution schemes. The contributions to the provident fund and superannuation fund are charged to the statement of profit and loss for the year when the contributions are due. The Company has no obligation, other than the contributions payable to the funds.

Gratuity liability is a defined benefit obligation and is provided for on the basis of

(All amounts in Million Rupees except for share data or as otherwise stated)

an actuarial valuation on projected unit credit method made at the end of each financial year. Actuarial gains/losses are immediately taken to statement of profit and loss and are not deferred.

The Company treats accumulated leave, as a long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on an actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire liability in respect of leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

m. Taxes on Income

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, the entire deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits. At each balance sheet date, the Company re-assesses unrecognised deferred tax assets and accounts for unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date. The Company writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax assets can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

n. Employee stock options

Measurement and disclosure of the employee stock options is made in accordance with the

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to financial statements for the year ended March 31, 2015

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Guidance Note on Accounting for Employee Share Based Payments Plans, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the fair value method. Compensation expenses, if any, is amortised over the vesting period of the options on a straight line basis.

o. Segment Reporting Policies Identification of segments

The Company's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

Inter-segment transfers

The Company generally accounts for intersegment sales and transfers at cost plus appropriate margins.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items

The unallocated items include general corporate income and expense items which are not allocable to any business segment.

Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

p. Earnings Per Share

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

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

q. Provisions

A provision is recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate of the amount required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

r. Deferred Revenue expenditure/Unamortised expenditure

Costs incurred in raising funds are amortised equally over the period for which the borrowings are undertaken.

s. Contingent Liabilities

A contingent liability is a possible obligation that may arise as a result of past events whose existence may be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The

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Company does not recognise a contingent liability but discloses its existence in the financial statements.

t. Cash and Cash equivalents

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

u. Research and development

Revenue expenditure on research and development is charged to revenue in the year in which it is incurred. Capital expenditure on research and development is added to fixed assets and depreciated in accordance with the policies of the Company.

v. Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule III to the Companies Act, 2013, the Company has elected to present earnings before interest, tax, depreciation and amortisation (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Company does not include depreciation and amortisation expense, finance costs and tax expense.

3. SHARE CAPITAL

	March 31, 2015	March 31, 2014
Authorised		
16,746,067 (March 31, 2014 : 20,899,496) Equity shares of ₹ 10/- each	**167.46**	208.99
6,900,000 (March 31, 2014: 6,900,000) 0.001% Compulsorily Convertible Participatory Cumulative Preference shares - Series A of ₹ 10/- each	**69.00**	69.00
2,477,387 (March 31, 2014 : 2,477,387) 0.001% Compulsorily Convertible Participatory Cumulative Preference shares - Series B of ₹ 243/- each	**602.01**	602.01
4,153,399 (March 31, 2014: Nil) 0.001% Compulsorily Convertible Participatory Cumulative Preference shares - Series C of ₹ 10/- each	**41.53**	-
	880.00	**880.00**
Issued, Subscribed and Paid Up		
15,511,880 (March 31, 2014 : 15,379,755) Equity share of ₹ 10/- each fully paid up	**155.12**	153.80
2,259,060 (March 31, 2014 : 2,259,060) 0.001% Compulsorily Convertible Participatory Cumulative Preference shares - Series A of ₹ 10/- each fully paid up	**22.59**	22.59
2,477,387 (March 31, 2014 : 2,477,387) 0.001% Compulsorily Convertible Participatory Cumulative Preference shares - Series B of ₹ 243/- each fully paid up	**602.01**	602.01
4,153,399 (March 31, 2014 : Nil) 0.001% Compulsorily Convertible Participatory Cumulative Preference shares - Series C of ₹ 10/- each fully paid up	**41.53**	-
Total	**821.25**	**778.40**

3.1. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	March 31, 2015		March 31, 2014	
Equity Shares of ₹ 10 Each, Fully paid up	**No.**	**₹**	No.	₹
At the beginning of the year	**15,379,755**	**153.80**	15,240,630	152.41
Issued during the year -ESOP	**132,125**	**1.32**	139,125	1.39
Outstanding at the end of the year	**15,511,880**	**155.12**	15,379,755	153.80
0.001% Compulsorily Convertible Participatory Cumulative Preference shares - Series A of ₹ 10/- each fully paid up				
At the beginning of the year	**2,259,060**	**22.59**	2,259,060	22.59

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	March 31, 2015		March 31, 2014	
Equity Shares of ₹ 10 Each, Fully paid up	**No.**	**₹**	No.	₹
Outstanding at the end of the year	**2,259,060**	**22.59**	2,259,060	22.59
0.001% Compulsorily Convertible Participatory Cumulative Preference shares - Series B of ₹ 243/- each fully paid up				
At the beginning of the year	**2,477,387**	**602.01**	2,477,387	602.01
Outstanding at the end of the year	**2,477,387**	**602.01**	2,477,387	602.01
0.001% Compulsorily Convertible Participatory Cumulative Preference shares - Series C of ₹ 10/- each fully paid up				
0.001% Compulsorily Convertible Participatory Cumulative Preference shares - Series A of ₹ 10/- each fully paid up				
Issued during the year	**4,153,399**	**41.53**	-	-
Outstanding at the end of the year	**4,153,399**	**41.53**	-	-

3.2. Rights attached to Equity Shares

The Company has only one class of equity shares having a par value of ₹ 10 Per share. Each holder of equity shares is entitled to one vote per share at the general meetings of the Company. For liquidation terms and preferential rights refer note 3.3a.

3.3. Rights attached to Preference Shares

0.001% Compulsorily Convertible Participatory Cumulative Preference shares - Series A of ₹ 10/- each fully paid up

During the year ended March 31, 2008, the Company issued 6,800,000 CCPCPS of ₹ 10/- each fully paid at a premium of ₹ 140 per share and also during the year ended March 31, 2009, 88,690 CCPCPS had been issued as part of the scheme of amalgamation of Aptuit Informatics India Private Limited with the Company. Each CCPCPS at the option of the holder is convertible into one equity share or will automatically be converted into one equity share on the twentieth anniversary of the initial issuance. For Liquidation terms and preferential rights refer note 3.3a. During the year ended March 31, 2012, the preference share holder converted 4,629,630 CCPCPS into equity shares and the balance of 2,259,060 CCPCPS was renamed as “Series A Preference Shares”. Each “Series A Preference Shareholder” is entitled to cumulative preference dividend equal to 0.001% per financial year and to exercise one vote per one share at the general meetings of the Company. For liquidation terms and preferential rights refer note 3.3a.

0.001% Compulsorily Convertible Participatory Cumulative Preference shares - Series B of ₹ 243/- each fully paid up

During the year ended March 31, 2012, the Company had issued Series B Preference Shares of ₹ 243 each fully paid up aggregating 2,477,387 shares to FIL Capital Management (Mauritius) Limited, Fidelity India Principles (Both together named as Fidelity) and Dr. Satyanarayana Chava (Promoter). Each Series B Preference Share at the option of the holder is convertible into one equity share or will automatically be converted into one equity share after completion of 19 years and 365 days from the date of issue. Each Series B Preference Shareholder is entitled to cumulative preference dividend equal to 0.001% per financial year and to exercise one vote per share at the general meetings of the Company. For liquidation terms and preferential rights refer note 3.3a.

0.001% Compulsorily Convertible Participatory Cumulative Preference shares - Series C of ₹ 10/- each fully paid up

During the year ended March 31, 2015, the Company had issued Series C Preference Shares of ₹ 10 each fully paid up aggregating 4,153,399 shares to Bluewater Investment Limited (“Blue Water”). Each Series C Preference Share at the option of the holder is convertible into one equity share or will automatically be converted into one equity share after completion of 19 years and 365 days from the date of issue. Each Series C Preference Shareholder is entitled to cumulative preference dividend equal to 0.001% per financial year and to exercise

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one vote per share at the general meetings of the Company. For liquidation terms and preferential rights refer note 3.3a.

3.3a. Liquidation terms and preferential rights

In case of winding up or liquidation, if the liquidation proceeds are adequate to cater to the amount of investment of Bluewater and Fidelity as increased by an Internal Rate of Return (IRR) of 18% per annum computed thereon from the date of investment by each of them, then the liquidation proceeds will be shared equally among all the shareholders including preference shareholders proportionate to their holdings.

In the case of winding up or liquidation , if the liquidation proceeds are not adequate to cater to the amount of investment of Bluewater and Fidelity, then such proceeds shall be distributed amongst Bluewater, Fidelity and Promoter pari passu in proportion to Bluewater Investment Amount, Fidelity Investment Amount and Promoter Investment Amount of Series B Preference Shares respectively. Of the remaining proceeds if any, the preference is defined as under:

- Contracted investment of Series A preference shareholders
- Promoter contracted investment amount of 465,000 equity shares
- Other shareholders including promoter contracted investment amount of equity shares
- Balance distributed to all shareholders in proportion to their shareholding.

3.4. Details of Shareholders holding more than 5% shares of the Company:

	March 31, 2015		March 31, 2014	
	% Holding	No.	% Holding	No.
Equity Shares of ₹ 10 each Held By				
Dr.C.Satyanarayana	24.00%	3,734,500	29.00%	4,434,500
Blue Water Investment Limited	21.00%	3,330,758	0.00%	-
FIL Capital Management (Mauritius) Limited	17.00%	2,592,872	30.00%	4,629,630
Mrs. C. Naga Rani	10.00%	1,560,000	10.00%	1,560,000
Dr. Raju S Kalidindi	8.00%	1,300,000	8.00%	1,300,000
Yalavarthi Vijaya Lakshmi	4.00%	600,000	5.00%	825,000
0.001% Compulsorily Convertible Participatory Cumulative Preference shares - Series A of ₹ 10/- each fully paid up				
Aptuit (Asia) Private Limited	100.00%	2,259,060	100.00%	2,259,060
0.001% Compulsorily Convertible Participatory Cumulative Preference shares - Series B of ₹ 243/- each fully paid up				
FIL Capital Management (Mauritius) Limited	81.00%	1,973,531	81.00%	1,973,531
Dr. C. Satyanarayana	19.00%	460,926	19.00%	460,926
0.001% Compulsorily Convertible Participatory Cumulative Preference shares - Series C of ₹ 10/- each fully paid up				
Blue Water Investment Limited	100.00%	4,153,399	-	-

3.5. Details of Shares Reserved for issue under Options

For details of shares reserved for issue under Employee Stock Options Scheme plan of the Company, refer Note 30.

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4. RESERVES AND SURPLUS

	March 31, 2015	March 31, 2014
Capital Reserve	**17.92**	17.92
Securities Premium		
At the beginning of the year	**1,130.99**	1,117.68
Add : Premium on Issue of CCPS	**2,958.47**	-
Add : transferred from stock options outstanding	**13.27**	13.31
Less: Share issue expenses	**57.10**	-
Closing balance	**4,045.63**	**1,130.99**
Employee stock option (Note 30)		
Gross employee stock compensation for options granted in earlier years	**47.59**	61.38
Add: gross compensation for options granted during the year	**19.09**	6.77
Less: gross compensation for options forfeited during the year	**3.08**	1.34
Less: deferred employee stock compensation	**20.88**	19.90
Less: transfer to securities premium on exercise of stock option	**13.27**	13.31
Closing balance	**29.45**	**33.60**
Surplus in the Statement of profit and loss		
At the beginning of the year	**1,642.30**	651.09
Add : Profit for the year	**735.65**	991.21
Net surplus in the Statement of profit and loss	**2,377.95**	**1,642.30**
Total Reserves and Surplus	**6,470.95**	**2,824.81**

5. LONG TERM BORROWINGS

		March 31, 2015	March 31, 2014
A)	**Non Current portion**		
	Term Loans		
	Indian Rupee loans from banks (Secured) (a and c)	**2,627.91**	1,655.42
	Foreign currency loans from banks (Secured) (b and c)	**253.96**	202.66
	Buyers Credit	**133.79**	-
	Other Loans and Advances		
	Vehicle loans from banks (Secured) (d)	**21.11**	23.64
	Total	**3,036.77**	**1,881.72**
B)	**Current Maturities**		
	Term Loans		
	Indian Rupee loans from banks (Secured) (a and c)	**698.26**	330.20
	Foreign currency loans from banks (Secured) (b and c)	**144.62**	81.25
	Other Loans and Advances		
	Vehicle loans from banks (Secured) (d)	**15.06**	13.14
	Amount disclosed under the head ‘ other current liabilities” (Note 11)	**857.94**	424.59

NOTES
to financial statements for the year ended March 31, 2015

(All amounts in Million Rupees except for share data or as otherwise stated)

(a) The details of Indian rupee loans from banks comprise of term loans and Corporate Loan, are as under:

Name of the Bank	Outstanding Amount	Sanction Amount	No. of Instalments	Commencement of instalments	Rate of Interest
State Bank of India (SBI)	490.00	490.00	23 quarterly instalments ranging from ₹ 20.00 to ₹ 22.50	September 2015	Base rate plus 3.20% per annum from the date of loan i.e. December 2013.
State Bank of India (SBI)	217.40	450.00	20 quarterly instalments ranging from ₹ 18.00 to ₹ 24.00	June 2016	Base rate plus 2.00% per annum from the date of loan i.e. January 2015.
Export-Import Bank of India (EXIM)	490.00	490.00	23 quarterly instalments ranging from ₹ 20.00 to ₹ 22.50	July 2015	Base rate plus 2.00% per annum from the date of loan i.e. December 2013.
Export-Import Bank of India (EXIM)	820.93	1000.00	18 equal quarterly instalments of ₹ 55.55	September 2014	Base rate plus 2.00% per annum from the date of loan i.e. March 2013.
Punjab National Bank (PNB)	472.09	1450.00	20 quarterly instalments ranging from ₹ 57.00 to ₹ 76.00	June 2016	Base rate plus 1.75% per annum from the date of loan i.e. December 2014.
ICICI Bank (ICICI)	50.75	67.67	20 quarterly instalments of ₹ 3.38	February 2014	Base rate plus 2.50% per annum from the date of the loan i.e. November 2013.
State Bank of Hyderabad (SBH)	360.00	450.00	9 quarterly instalments ranging from ₹ 45.00 to ₹ 60.00	December 2014	Base rate plus 2.25% per annum from the date of the loan i.e. March 2014.
IDBI Bank (IDBI)	425.00	500.00	12 quarterly instalments ranging from ₹ 37.50 to ₹ 43.75	October 2014	Base rate plus 2.25% per annum from the date of the loan i.e. July 2014.

(b) Foreign Currency loans from banks comprise of Long Term Buyer's Credit, FCNR TL (B) and ECB loan from BBK.

Name of the Bank & Nature of Loan	Outstanding Amount	Sanction Amount	No. of Instalments	Commencement of instalments	Rate of Interest
Bank of Bahrain and Kuwait (BBK) - ECB Loan	211.06	US$ 5.40 Mn	16 quarterly instalments ranging from US$ 0.338 to US$ 0.330.	November 2013	London Inter -Bank Offered Rate (LIBOR) plus 3.50% per annum
ICICI Bank (ICICI) - Buyer's Credit	133.79	US$ 2.14 Mn	Single instalment	April 2017	LIBOR plus 0.74% per annum.
State Bank of India (SBI) - Foreign currency non residential term loan	187.52	US$ 3.00 Mn	12 quarterly instalments	June 2015	LIBOR plus 3.25% per annum.

NOTES
to financial statements for the year ended March 31, 2015

(All amounts in Million Rupees except for share data or as otherwise stated)

(c) All Term loans (except ICICI and SBH Corporate Loan) are secured by pari passu first charge on the fixed assets (both present and future) except to the extent of assets exclusively charged to banks. It is further secured by pari passu second charge on current assets both present and future. Also personal guarantees have been given by the Chief Executive Officer and one of the Executive Directors of the Company.

Corporate Loan from SBH has been secured by pari passu first charge on the current assets (both present and future) and by pari passu second charge on the fixed assets, excluding assets with an exclusive charge to banks. Also personal guarantees have been given by the Chief Executive Officer and one of the Executive Directors of the company.

ICICI Term loan is secured by exclusive charge on the movable machinery/fixed assets procured from the term loan/FCNR/Buyers Credit/LC sanctioned by ICICI Bank and also personal guarantees have been given by the Chief Executive Officer and one of the Executive Directors of the Company.

(d) Vehicle loans from banks are repayable in instalments ranging from 36 to 48 months from the date of the loan and secured by hypothecation of the respective vehicles.

6. DEFERRED TAX LIABILITY (NET)

		March 31, 2015	March 31, 2014
Deferred Tax Liability			
Income tax at the applicable rate on the difference between the aggregate book written down value and tax written down value of fixed assets		490.28	273.60
	(A)	490.28	273.60
Deferred Tax Asset			
Income tax at the applicable rate on unabsorbed business loss and depreciation		(333.70)	(116.07)
Impact of expenditure charged to the statement of Profit and Loss in the current year but allowed for tax purposes on payment basis		(43.58)	(29.27)
	(B)	(377.28)	(145.34)
Deferred Tax Liability (Net)	(A+B)	113.00	128.26

7. OTHER LONG TERM LIABILITIES

	March 31, 2015	March 31, 2014
Advances from Customers	446.58	-
Total	446.58	-

8. A) PROVISIONS

		March 31, 2015	March 31, 2014
A)	**Long Term Provisions**		
	Provision for Gratuity (Note 29)	51.26	39.33
	Total	51.26	39.33
B)	**Short Term Provisions**		
	Provision for Gratuity (Note 29)	4.16	3.10
	Provision for Compensated absences	50.36	37.58
	Provision for Taxation	37.52	39.70
	Total	92.04	80.38

NOTES
to financial statements for the year ended March 31, 2015

(All amounts in Million Rupees except for share data or as otherwise stated)

9. SHORT TERM BORROWINGS

	March 31, 2015	March 31, 2014
Cash Credits and Working Capital Demand Loan		
Indian Rupee loans from banks (Secured)	2,564.54	2,534.41
Foreign Currency loans from banks (Secured)	394.36	-
Buyers Credit from banks (Secured)	1,357.45	587.43
	4,316.35	3,121.84

Short term borrowings are availed of in both Rupee and Foreign currencies. Interest on rupee loans ranges from Base rate plus 1% to 2.25%. Buyers credit loan interest ranges from LIBOR plus 0.25% to 0.52%. These borrowings are secured by pari passu first charge on current assets and pari passu second charge on the fixed assets (both present and future). Also personal guarantees have been given by the Chief Executive Officer and one of the Executive Directors of the Company.

10. TRADE PAYABLES

	March 31, 2015	March 31, 2014
Trade Payables (Note 31 for details of the amount due to Micro and Small Enterprises)	2,300.74	2,274.51
Total	**2,300.74**	**2,274.51**

11. OTHER CURRENT LIABILITIES

	March 31, 2015	March 31, 2014
Current maturities of long term borrowings (Note 5B)	**857.94**	424.59
Capital Creditors	**341.18**	531.99
Interest accrued but not due on borrowings	**40.35**	19.61
Advances from customers	**52.74**	626.57
Statutory dues	**39.23**	38.40
Total	**1,331.44**	**1,641.16**

NOTES
to financial statements for the year ended March 31, 2015

(All amounts in Million Rupees except for share data or as otherwise stated)

12. FIXED ASSETS

Particulars	Tangible Assets								Intangible Assets				
	Leasehold Land	Freehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Computers	Vehicles	Total Tangible Assets (A)	Computer Software purchased	Computer Software Internally generated	Goodwill	Total Intangible Assets (B)	Grand Total (A+B)
Gross Block													
As at April 01, 2013	130.60	274.57	856.88	1,700.42	172.85	82.45	50.23	3,268.00	15.98	4.57	14.54	35.09	3,303.09
Additions	161.35	493.55	459.14	1,770.55	4.13	20.10	24.99	2,933.81	47.27	13.12	-	60.39	2,994.20
Disposals/Adjustments	-	-	-	(6.25)	(0.87)	(35.16)	(7.72)	(50.00)	-	(17.69)	(14.54)	(32.23)	(82.23)
As at March 31, 2014	291.95	768.12	1,316.02	3,464.72	176.11	67.39	67.50	6,151.81	63.25	-	-	63.25	6,215.06
Additions	-	1.30	885.35 *	2,623.40 *	55.88	27.85	19.26	3,613.04	27.69	-	-	27.69 *	3,640.73
Disposals/Adjustments	-	-	-	(8.43)	-	(0.72)	(4.43)	(13.58)	-	-	-	-	(13.58)
as at March 31, 2015	**291.95**	**769.42**	**2,201.37**	**6,079.69**	**231.99**	**94.52**	**82.33**	**9,751.27**	**90.94**	**-**	**-**	**90.94**	**9,842.21**
Depreciation/Amortisation													
As at April 01, 2013	15.42	-	137.27	601.70	97.61	58.31	15.05	925.36	7.38	0.28	14.54	22.20	947.56
Charge for the year	6.66	-	33.34	241.46	17.22	8.20	11.05	317.93	9.09	1.78	-	10.87	328.80
Disposals/Adjustments	-	-	-	(1.29)	(0.41)	(24.39)	(5.52)	(31.61)	-	(2.06)	(14.54)	(16.60)	(48.21)
As at March 31, 2014	22.08	-	170.61	841.87	114.42	42.12	20.58	1,211.68	16.47	-	-	16.47	1,228.15
Charge for the year	8.29	-	56.17	487.47	19.18	14.06	14.34	599.51	13.32	-	-	13.32	612.83
Disposals/Adjustments	-	-	-	(0.97)	-	(0.72)	(2.37)	(4.06)	-	-	-	-	(4.06)
as at March 31, 2015	**30.37**	**-**	**226.78**	**1,328.37**	**133.60**	**55.46**	**32.55**	**1,807.13**	**29.79**	**-**	**-**	**29.79**	**1,836.92**
Net Block													
As at March 31, 2014	269.87	768.12	1,145.41	2,622.85	61.69	25.27	46.92	4,940.13	46.78	-	-	46.78	4,986.91
As at March 31, 2015	**261.58**	**769.42**	**1,974.59**	**4,751.32**	**98.39**	**39.06**	**49.78**	**7,944.14**	**61.15**	**-**	**-**	**61.15**	**8,005.29**

Capital Work in Progress (including expenditure during construction period - note 43) : ₹ 1,072.54 (March 31, 2014 ₹ 1,160.99).

Notes:

* includes expenditure during the construction period amounting to ₹ 32.47 (March 31,2014 ₹ 17.46 (Note 43).

NOTES
to financial statements for the year ended March 31, 2015

(All amounts in Million Rupees except for share data or as otherwise stated)

13. NON CURRENT INVESTMENTS

	March 31, 2015	March 31, 2014
Equity shares (fully paid-up)		
2,454,059 Equity Shares of ₹ 10 each of Viziphar Biosciences Private Limited *	**4.55**	4.55
*Less : Provision for diminution in value of Investments	**(4.55)**	-
3,834,908 Equity Shares of ₹ 10 each of Sriam Labs Private Limited	**71.98**	-
19,000 Equity Shares of US$ 100 each of Laurus Synthesis Inc.	**119.13**	-
	191.11	4.55

14. LOANS AND ADVANCES

		March 31, 2015	March 31, 2014
A)	**Long Term (Unsecured, Considered Good unless otherwise stated)**		
	Capital Advances	**250.42**	191.29
	Security Deposit	**42.08**	27.90
	Advances Recoverable in Cash or Kind		
	Advances Recoverable in cash or kind (including provision for doubtful advances ₹ 1.64 (March 31, 2014: ₹ 1.38)	**22.90**	1.38
	Other Loans and Advances		
	Advance Tax	**0.39**	0.97
	Minimum Alternate Tax Credit Entitlement	**633.98**	467.40
	Tax paid under protest	**7.05**	7.05
		956.82	695.99
	Less: Provision for doubtful advances	**1.64**	1.38
	Total	**955.18**	**694.61**
B)	**Short Term (Unsecured, Considered Good unless otherwise stated)**		
	Advances Recoverable in cash or kind	**112.91**	92.68
	Loans and advances to subsidiary companies (including provision for doubtful advances ₹ 0.50 (March 31, 2014: ₹ Nil) (note 35)	**5.05**	3.00
	Other Loans and Advances		
	Loans and Advances to Employees	**2.68**	2.15
	Prepaid expenses	**82.59**	51.99
	Balances with Statutory/Government Authorities	**106.63**	102.64
	Less: Provision for doubtful advances	**0.50**	-
	Total	**309.36**	**252.46**

15. OTHER ASSETS

		March 31, 2015	March 31, 2014
A)	**Other Non Current Assets**		
	Non Current Bank Deposits (Note 18)	**75.37**	112.06
	Interest Accrued on Deposits	**5.94**	1.61
	Unamortised expenditure	**16.38**	16.99
	Incentive Receivable	**41.93**	14.58
	Total	**139.62**	**145.24**
B)	**Other Current Assets**		
	Interest Accrued on Deposits	**8.52**	4.52
	Insurance Claim Receivable	**85.38**	29.12
	Unamortised expenditure	**8.88**	8.71
	Incentive Receivable	**20.98**	22.46
	Others	**22.47**	0.71
	Total	**146.23**	**65.52**

NOTES
to financial statements for the year ended March 31, 2015

(All amounts in Million Rupees except for share data or as otherwise stated)

16. INVENTORIES

	March 31, 2015	March 31, 2014
(At lower of cost and net realisable value)		
Raw Materials [including Port Stock and Stock in transit ₹ 1,086.48 (March 31, 2014 : ₹ 679.18)]	**2,310.94**	1,688.16
Work-in-progress	**1,464.25**	1,062.23
Finished Goods	**915.04**	472.53
Stores, spares and packing materials	**64.73**	58.05
Total	**4,754.96**	**3,280.97**

17. TRADE RECEIVABLES

	March 31, 2015	March 31, 2014
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, Considered Good	**18.58**	9.34
Doubtful	**4.74**	4.74
	23.32	14.08
Less: Provision for doubtful receivables	**4.74**	4.74
	18.58	9.34
Other Receivables		
Unsecured, Considered Good	**2,831.87**	1,939.41
	2,831.87	1,939.41
Total	**2,850.45**	**1,948.75**

18. CASH AND BANK BALANCES

	March 31, 2015	March 31, 2014
Cash and Cash Equivalents		
Balances with Banks		
- On Current Accounts	**209.79**	149.04
- Deposits with original maturity of less than three months	**150.00**	-
Cash on Hand	**2.29**	0.62
Other Bank Balances		
On Deposit Accounts		
- Deposits with original maturity of less than three months	**5.61**	-
- Deposits with original maturity for more than 3 months but less than 12 months	**62.46**	22.30
- Deposits with original maturity for more than 12 months	**200.86**	170.51
	268.93	192.81
Less : Amount disclosed under Other Assets (Note 15)	**(75.37)**	(112.06)
Total	**555.64**	**230.41**

Deposits with a carrying amount of ₹ 268.93 (March 31, 2014: ₹ 192.81) are towards margin money given for letter of credit and bank guarantees.

NOTES
to financial statements for the year ended March 31, 2015

(All amounts in Million Rupees except for share data or as otherwise stated)

19. REVENUE FROM OPERATIONS

		For the year ended March 31, 2015	For the year ended March 31, 2014
Sale of Products			
Income from Sale of API and Intermediates		13,121.05	11,261.29
Income from Sale of Traded goods		69.27	88.51
	(A)	13,190.32	11,349.80
Sale of Services			
Contract Research Services		63.29	154.81
Software Services		-	117.14
	(B)	63.29	271.95
Other Operating Revenue			
Sale of Scrap		8.70	5.83
Sales Incentives		29.85	8.47
Others		84.31	20.81
	(C)	122.86	35.11
Revenue from Operations (Gross)	(A+B+C)	13,376.47	11,656.86
Less: Excise Duty		113.34	59.69
Revenue from Operations (Net)		13,263.13	11,597.17
Details of sale of traded goods			
Lithium metal		17.51	-
2-Methyl THF		12.44	-
Tetrahydrofuran		10.88	-
Menthol		-	44.84
ADDP-2		-	22.92
Vanillin		-	11.55
Others		28.44	9.20
Total of Products Sold		69.27	88.51

20. OTHER INCOME

	For the year ended March 31, 2015	For the year ended March 31, 2014
Interest Income on		
Deposits and Margin money	19.99	14.61
Others	1.66	20.28
Net Gain on Foreign Exchange Fluctuations	181.89	40.65
Insurance Claim Receivable	118.07	2.21
Profit on Sale of Assets (net)	0.16	-
Bad debts recovered	-	2.00
Unclaimed balances written back	16.45	-
Profit on sale of informatics division (Note 33)	-	5.00
Miscellaneous Income	2.45	3.42
Total	340.67	88.17

NOTES

to financial statements for the year ended March 31, 2015

(All amounts in Million Rupees except for share data or as otherwise stated)

21. COST OF MATERIALS CONSUMED

		For the year ended March 31, 2015	For the year ended March 31, 2014
Raw Materials Consumed			
Opening stock at the beginning of the year		1,688.16	692.89
Add : Purchases		9,643.00	8,823.43
Less : Sale of materials		24.93	-
		11,306.23	9,516.32
Less : Closing stock at the end of the year		2,310.94	1,688.16
	(A)	8,995.29	7,828.16
Packing Materials Consumed	(B)	70.94	54.72
Total	(A+B)	9,066.23	7,882.88

Details of Materials Consumed

	For the year ended March 31, 2015	For the year ended March 31, 2014
4-Chloro-2-trifluoro acetyl aniline Hydrochloride Hydrate	2,325.64	1,996.17
Cyclopropyl acetylene	1,034.54	850.16
(2S,5R) - 5 - Fluorocytosine - 1YL - (1,3) - Oxathiolan	754.96	837.56
Tetrahydrofuran	447.90	283.69
Others	4,432.25	3,860.58
Total	8,995.29	7,828.16

Details of Closing Inventory of Raw Material

	For the year ended March 31, 2015	For the year ended March 31, 2014
4-Chloro-2-trifluoro acetyl aniline Hydrochloride Hydrate	449.64	58.23
Cyclopropyl acetylene	202.74	132.63
Tetrahydrofuran	163.00	152.34
(2S,5R) - 5 - Fluorocytosine - 1YL - (1,3) - Oxathiolan	58.54	409.07
Others	1,437.02	935.89
Total	2,310.94	1,688.16

22. PURCHASES OF TRADED GOODS

	For the year ended March 31, 2015	For the year ended March 31, 2014
Lithium metal	14.22	-
2-Methyl THF	12.44	-
Tetrahydrofuran	9.35	-
Menthol	-	39.31
ADDP-2	-	20.41
Vanillin	-	11.40
Others	25.84	7.89
Total	61.85	79.01

NOTES
to financial statements for the year ended March 31, 2015

(All amounts in Million Rupees except for share data or as otherwise stated)

23. INCREASE IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

	For the year ended March 31, 2015	For the year ended March 31, 2014
Opening stock of inventories		
Finished goods of API and Intermediates	**472.53**	464.22
Work-in-Progress of API and Intermediates	**1,062.23**	367.61
	1,534.76	**831.83**
Closing stock of inventories		
Finished goods of API and Intermediates	**915.04**	472.53
Work-in-Progress of API and Intermediates	**1,464.25**	1,062.23
	2,379.29	**1,534.76**
Increase in inventories	**(844.53)**	**(702.93)**

24. OTHER MANUFACTURING EXPENSES

	For the year ended March 31, 2015	For the year ended March 31, 2014
Consumption of stores and spares	**123.71**	53.58
Conversion charges	**251.36**	122.13
Factory maintenance	**144.05**	84.03
Effluent treatment expenses	**113.06**	103.21
Power and Fuel	**498.52**	350.30
Repairs & maintenance		
Plant and machinery	**66.09**	36.00
Buildings	**11.59**	5.73
Others	**3.15**	6.82
Product development	**6.96**	10.64
Others	**13.75**	4.17
Total	**1,232.24**	**776.61**

25. EMPLOYEE BENEFITS EXPENSES

	For the year ended March 31, 2015	For the year ended March 31, 2014
Salaries, allowances and benefits to employees	**1,009.73**	792.82
Contribution to provident fund and other funds	**56.38**	44.48
Gratuity expense (Note 29)	**15.98**	12.74
Employee Stock Option Charge	**9.10**	17.62
Managerial remuneration	**68.14**	79.77
Recruitment and training	**11.23**	8.63
Staff welfare expenses	**124.14**	85.09
Total	**1,294.70**	1,041.15

NOTES

to financial statements for the year ended March 31, 2015

(All amounts in Million Rupees except for share data or as otherwise stated)

26. OPERATING AND SELLING EXPENSES

	For the year ended March 31, 2015	For the year ended March 31, 2014
Rent	21.28	21.30
Rates and taxes	27.45	18.45
Office maintenance	16.51	21.04
Insurance	43.10	29.39
Printing and stationery	12.81	8.96
Consultancy and other professional charges	60.92	98.71
Membership and subscription	11.87	10.42
Remuneration to auditors		
- Audit Fee	3.30	2.70
- Tax audit fee	0.40	0.30
- Other services	0.15	0.12
- Out of pocket expenses	0.06	0.05
Travelling and conveyance	41.27	41.47
Communication expenses	12.64	10.02
Loss on Sale of fixed assets (net)	-	1.35
Advances and bad debts written off	0.99	3.29
Provision for doubtful advance and receivables	0.76	2.36
Provision for diminution in value of investments (note 13)	4.55	-
Marketing and selling expenses	85.39	102.76
Business Promotion and Advertisement	36.03	22.68
Donations (including CSR expenditure)	17.33	5.09
Miscellaneous expenses	1.71	2.22
Total	**398.52**	**402.68**

27. FINANCE COSTS

	For the year ended March 31, 2015	For the year ended March 31, 2014
Interest		
- on Term loans	360.85	154.10
- on working capital loans	444.49	300.45
- on others	6.61	7.66
Premium on forward contracts amortised	100.98	63.09
Bank charges	98.16	61.82
Exchange Difference to the extent considered as an adjustment to borrowing costs	50.48	52.35
Total	**1,061.57**	**639.47**

(All amounts in Million Rupees except for share data or as otherwise stated)

28. EARNINGS PER SHARE (EPS)

	For the year ended March 31, 2015	For the year ended March 31, 2014
The following reflects the profit and share data used in the basic and diluted EPS computations:		
Profit after tax	**735.65**	991.21
Less: Preference dividend and tax thereon	**0.01**	0.01
Profit available for Equity shareholders	**735.64**	991.20
Weighted Average number of Equity Shares outstanding during the year	**15,444,500**	15,296,107
Weighted Average number of Equity Shares in computing diluted earnings per share	**22,174,107**	20,286,100
Face value of each Equity Share (₹)	**10.00**	10.00
Earnings per share - (Not annualised)		
- Basic (₹)	**47.63**	64.86
- Diluted (₹)	**33.18**	48.90

29. GRATUITY

Defined Benefit Plans

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is entitled to a gratuity on departure at 15 days salary for each completed year of service. The Scheme is funded through a policy with SBI Life Insurance Company Limited. The following tables summarise net benefit expenses recognised in the statement of profit and loss, the status of funding and the amount recognised in the Balance sheet for the gratuity plan:

	March 31, 2015	March 31, 2014
Profit and Loss account		
i. Net employee benefit expense (recognised in Employee benefits expenses)		
Current service cost	**5.18**	4.05
Interest cost	**3.49**	2.54
Expected return on plan assets	**(0.10)**	(0.25)
Net actuarial(gain) / loss recognised in the year	**7.41**	6.40
Net employee benefit expenses	**15.98**	**12.74**
Actual return on plan asset	**(0.10)**	**(0.25)**
Amount recognised in the Balance Sheet		
Defined benefit obligation	**56.87**	43.68
Fair value of plan assets	**1.45**	1.25
	55.42	**42.43**
Changes in the present value of the defined benefit obligation		
Opening defined benefit obligation	**43.68**	33.34
Current service cost	**5.18**	4.05
Interest cost	**3.49**	2.54
Benefits paid	**(2.89)**	(0.96)
Transfer on account of slump sale	**-**	(1.69)
Actuarial (gains) / losses on obligation	**7.41**	6.40
Closing defined benefit obligation	**56.87**	**43.68**
Change in the fair value of plan assets		
Opening fair value of plan assets	**1.25**	1.79
Expected return on plan assets	**0.10**	0.25
Contributions	**2.99**	-
Benefits paid	**(2.89)**	(0.79)
Actuarial gain/(loss) on plan assets	**-**	-
Closing fair value of plan assets	**1.45**	**1.25**

The Company expects to contribute ₹ 5.00 to the gratuity fund in the year 2015-16 against the short term liability of ₹ 4.16 as per the actuarial valuation.

NOTES
to financial statements for the year ended March 31, 2015

(All amounts in Million Rupees except for share data or as otherwise stated)

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	March 31, 2015	March 31, 2014
Investments with insurer	**100.00%**	100.00%

The overall expected rate of return on assets is determined based on the actual rate of return during the current year.

The principal assumptions used in determining gratuity for the Company's plans are shown below:

	March 31, 2015	March 31, 2014
Discount rate	**8.00%**	8.00%
Expected rate of return on assets	**8.50%**	8.50%
Salary rise	**15.00%**	15.00%
Attrition Rate		
Pharmaceuticals	**12.00%**	12.00%
Infosystems	**-**	15.00%

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

Defined Contribution Plan

	March 31, 2015	March 31, 2014
Contribution to Provident Fund	**50.41**	40.18
Contribution to Superannuation Fund	**6.44**	3.87

30. EMPLOYEES STOCK OPTION SCHEME (ESOP 2011 PLAN)

The board of directors has approved the Laurus Employees Stock Option Scheme (ESOP) 2011 for issue of shares to eligible employees of the Company effective from September 19, 2011. According to the Scheme, the options granted vest within a period of four years, subject to the terms and conditions specified in the scheme.

Exercise period

Grant	Number of options	Year 1 25%	Year 2 25%	Year 3 50%
Grant I	553,000	20-Sep-13	20-Sep-14	20-Sep-15
Grant II	28,000	31-Dec-14	31-Dec-15	31-Dec-16
Grant III	38,500	19-Sep-15	19-Sep-16	19-Sep-17
Grant IV	75,500	19-Sep-16	19-Sep-17	19-Sep-18

Date of Grant	Number of options Granted	Exercise price	Fair value for option at grant date
September 19, 2011	553,000	10	105.96
December 31, 2012	28,000	10	171.22
September 19, 2013	38,500	10	183.10
September 19, 2014	75,500	10	270.00

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to financial statements for the year ended March 31, 2015

(All amounts in Million Rupees except for share data or as otherwise stated)

The details of activity under the Scheme ESOP 2011 are summarised below :

	March 31, 2015	March 31, 2014
	No. of options	No. of options
Outstanding at the beginning of the year	**453,375**	564,000
Granted during the year	**75,500**	38,500
Forfeited during the year	**19,750**	10,000
Exercised during the year	**132,125**	139,125
Outstanding at the end of the year	**377,000**	453,375
Exercisable at the end of the year	**10,500**	5,000

The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	March 31, 2015			
	Grant IV	**Grant III**	**Grant II**	**Grant I**
Dividend yield	**0.00%**	**0.00%**	**0.00%**	**0.00%**
Expected volatility	**0.00%**	**0.00%**	**0.00%**	**0.00%**
Risk-free interest rate	**8.56%**	**8.47%**	**8.01%**	**8.34%**
Weighted average share price of ₹	**269.97**	**175.94**	**171.22**	**113.15**
Exercise price of ₹	**10.00**	**10.00**	**10.00**	**10.00**
Expected life of options granted in years	**3.50**	**3.50**	**3.50**	**3.51**

	March 31, 2014			
	Grant IV	Grant III	Grant II	Grant I
Dividend yield	-	0.00%	0.00%	0.00%
Expected volatility	-	0.00%	0.00%	0.00%
Risk-free interest rate	-	8.47%	8.01%	8.34%
Weighted average share price of ₹	-	175.94	171.22	113.15
Exercise price of ₹	-	10.00	10.00	10.00
Expected life of options granted in years	-	3.50	3.50	3.51

The expected life of the stock is based on the historical data and current expectations and is not necessarily indicative of exercise pattern that may occur.

31. TRADE PAYABLES (DETAILS OF DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES AS PER MSMED ACT, 2006):

	March 31, 2015	March 31, 2014
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year	**2.73**	5.11
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	**-**	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	**-**	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	**-**	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	**-**	-

NOTES

to financial statements for the year ended March 31, 2015

(All amounts in Million Rupees except for share data or as otherwise stated)

32. In accordance with Accounting Standard 17 - Segment Reporting, segment information has been given in the consolidated financial statements of the Company, and therefore no separate disclosure on segment information is given in these financial statements.

33. SALE OF INFORMATICS DIVISION

As approved by the Board on October 18, 2013, the informatics division of the Company, not considered to be a part of the core business, was sold on February 28, 2014 to Laurus Infosystems (India) Private Limited , a related party, on a going concern basis in accordance with an independent valuation, for a total consideration of ₹ 32.50 million, received by way of cash. The transaction resulted in a profit of ₹ 5 million over the net asset value of the division in the Company's books amounting to ₹ 27.50 million and this profit is included in Other Income in the previous year.

34. RESEARCH AND DEVELOPMENT

i). Details of Revenue expenditure :

	March 31, 2015	March 31, 2014
Cost of Materials Consumed		
Raw Materials Consumed	**117.85**	72.14
Other Manufacturing Expenses		
Factory maintenance	**0.94**	0.55
Effluent treatment expenses	**1.07**	0.79
Power and Fuel	**16.16**	16.75
Product development	**6.96**	10.61
Others	**11.97**	2.51
Employee Benefits Expenses		
Salaries, allowances and benefits to employees	**225.97**	187.57
Contribution to provident fund and other funds	**15.06**	12.16
Staff welfare expenses	**21.99**	14.80
Operating and Selling Expenses		
Rates and taxes	**12.28**	8.63
Insurance	**3.95**	3.33
Membership and subscription	**2.30**	1.12
Consultancy and other professional charges	**17.13**	18.91
Depreciation and Amortisation	**44.32**	40.02
Total	**497.95**	**389.89**

ii). Details of capital expenditure :

Particulars	Tangible Assets					Intangible Assets		
	Buildings	Plant and Equipment	Furniture and Fixtures	Computers	Total Tangible Assets (A)	Computer Software purchased	Total Intangible Assets (B)	Grand Total (A+B)
Gross Block								
As at April 01, 2013	79.12	260.24	97.76	1.92	439.04	1.45	1.45	440.49
Additions	-	34.51	-	-	34.51	-	-	34.51
Disposals/Adjustments	-	(0.03)	-	-	(0.03)	-	-	(0.03)
As at March 31, 2014	79.12	294.72	97.76	1.92	473.52	1.45	1.45	474.97
Additions	-	88.54	-	-	88.54	-	-	88.54
Disposals/Adjustments	-	-	-	-	-	-	-	-
As at March 31, 2015	**79.12**	**383.26**	**97.76**	**1.92**	**562.06**	**1.45**	**1.45**	**563.51**
Depreciation/Amortisation								
As at April 01, 2013	15.11	115.64	57.20	1.74	189.69	1.45	1.45	191.14

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to financial statements for the year ended March 31, 2015

(All amounts in Million Rupees except for share data or as otherwise stated)

ii). Details of capital expenditure : (Contd.)

Particulars	Tangible Assets					Intangible Assets		
	Buildings	Plant and Equipment	Furniture and Fixtures	Computers	Total Tangible Assets (A)	Computer Software purchased	Total Intangible Assets (B)	Grand Total (A+B)
Charge for the year	2.64	27.56	9.78	0.04	40.02	-	-	40.02
Disposals/Adjustments	-	(0.02)	-	-	(0.02)	-	-	(0.02)
As at March 31, 2014	17.75	143.18	66.98	1.78	229.69	1.45	1.45	231.14
Charge for the year	2.64	31.82	9.77	0.09	44.32	-	-	44.32
Disposals/Adjustments	-	-	-	-	-	-	-	-
As at March 31, 2015	**20.39**	**175.00**	**76.75**	**1.87**	**274.01**	**1.45**	**1.45**	**275.46**
Net Block								
As at March 31, 2014	61.37	151.54	30.78	0.14	243.83	-	-	243.83
As at March 31, 2015	**58.73**	**208.26**	**21.01**	**0.05**	**288.05**	**-**	**-**	**288.05**

35. RELATED PARTY DISCLOSURES
Names of related parties and description of relationship

Name of the related party	Relationship
Company which exercises significant influence	
i) FIL Capital Management(Mauritius) Limited *	
ii) FIL Capital Advisor Trustee Company Private Limited *	
iii) Bluewater Investment Limited **	
Subsidiary Companies	
i) Viziphar Biosciences Private Limited #	
ii) Laurus Synthesis Inc. ##	
Associate Company	
i) Sriam Labs Private Limited ###	
Company where control exists	
i) Laurus Infosystems (India) Private Limited	
Key Management Personnel	
i) Dr. C. Satyanarayana	Chief Executive Officer
ii) Dr. Raju S Kalidindi	Executive Director
iii) Mr. V.V. Ravi Kumar	Executive Director
Relatives of Key Management Personnel	
i) Mr. C. Narasimha Rao	Brother of Dr. C. Satyanarayana
ii) Mr. C. Chandrakanth	Son-in-Law of Dr. C. Satyanarayana
iii) Mrs. C. Soumya	Daughter of Dr. C. Satyanarayana

effective from April 26, 2013

effective from December 08, 2014

effective from April 25, 2014

* Cease to exercise significant influence from October 29, 2014

** effective from October 29, 2014

NOTES
to financial statements for the year ended March 31, 2015

(All amounts in Million Rupees except for share data or as otherwise stated)

Transactions during the year:

			March 31, 2015	March 31, 2014
a)	Company which exercises significant influence			
	i)	Bluewater Investment Limited		
		Issue of Preference Shares including Securities Premium	3,000.00	-
b)	Subsidiary Companies			
	i)	Viziphar Biosciences Private Limited		
		Investments	-	4.55
		Advances	2.34	3.00
		Provision for diminution in value of Investments	4.55	-
		Provision for doubtful advance and receivables	0.05	-
		Advances recovered	1.54	-
	ii)	Laurus Synthesis Inc.		
		Investments	119.13	-
		Reimbursement of Expenses	1.25	-
c)	Associate Company			
	i)	Sriam Labs Private Limited		
		Investments	71.98	-
		Conversion Charges	5.10	-
		Purchases	309.43	-
		Sales	0.59	-
		Sale of assets	1.65	-
d)	Company where control exists			
	i)	Laurus Infosystems (India) Private Limited		
		Sale of Informatics Division	-	32.50
		Software Maintenance	12.81	-
e)	Key Management Personnel			
	i)	Dr. C. Satyanarayana		
		Remuneration	33.61	45.38
	ii)	Dr. Raju S Kalidindi		
		Remuneration	13.50	13.93
	iii)	Mr. V.V. Ravi Kumar		
		Remuneration	13.50	13.93
		Rent	0.53	0.43
f)	Relatives of Key Management Personnel			
	i)	Mr. C. Narasimha Rao		
		Remuneration	3.08	2.66
	ii)	Mr. C. Chandrakanth		
		Remuneration	4.82	4.58
	iii)	Mrs. C. Soumya		
		Rent	1.05	0.86

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to financial statements for the year ended March 31, 2015

(All amounts in Million Rupees except for share data or as otherwise stated)

Closing Balances - Debit/ (Credit)

			March 31, 2015	March 31, 2014
a)	Subsidiary Companies			
	i)	Viziphar Biosciences Private Limited		
		Advances	**3.75**	3.00
	ii)	Laurus Synthesis Inc.		
		Advances	**1.25**	-
b)	Associate Company			
	i)	Sriam Labs Private Limited	**(78.88)**	-
c)	Key Management Personnel			
	i)	Dr. C. Satyanarayana*		
		Remuneration payable	**-**	(27.76)
	ii)	Dr. Raju S Kalidindi*		
		Remuneration payable	**-**	(5.52)
	iii)	Mr. V.V. Ravi Kumar		
		Remuneration payable	**-**	(5.52)
		Rent Payable	**(0.09)**	(0.04)
d)	Relatives of Key Management Personnel			
	i)	Mr. C. Narasimha Rao		
		Remuneration payable	**(0.50)**	(0.41)
	ii)	Mr. C. Chandrakanth		
		Remuneration payable	**(0.86)**	(0.86)
	iii)	Mrs. C. Soumya		
		Rent Payable	**(0.18)**	(0.09)

* Key Management personnel have given personal guarantees as collateral security in favour of bankers in connection with term loans, cash credit facilities and buyer's credit whose closing balance in total is ₹ 8,173.70 (March 31, 2014: ₹ 5,391.37)

As the future liability for gratuity and leave encashment is provided on an actuarial basis for the company as a whole, the amount pertaining to the Key Management personnel and their relatives is not ascertainable and, therefore, not included above.

36. FORWARD CONTRACTS

a) Forward contract outstanding as at Balance Sheet date

March 31, 2015 Buy US$ 35,361,430	Hedging of loan and creditors
March 31, 2014 Buy US$ 20,088,500	Hedging of loan and creditors

b) The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as under:

Details of Unhedged Foreign Currency Exposure

	March 31, 2015				March 31, 2014		
	Currency	**Amount in Foreign Currency**	**Amount in ₹**	**Conversion Rate**	Amount in Foreign Currency	Amount in ₹	Conversion Rate
Secured loans	**USD**	**9,677,039**	**605.69**	**62.59**	7,193,343	432.32	60.10
Creditors for goods	**USD**	**14,236,528**	**891.08**	**62.59**	8,247,554	495.68	60.10
	EURO	**188,903**	**12.75**	**67.51**	264,931	21.88	82.58
	GBP	**1,200**	**0.11**	**92.46**	7,730	0.77	99.85
	CHF	**-**	**-**	**64.83**	22,650	1.53	67.36

NOTES
to financial statements for the year ended March 31, 2015

(All amounts in Million Rupees except for share data or as otherwise stated)

Details of Unhedged Foreign Currency Exposure (Contd.)

	March 31, 2015				March 31, 2014		
	Currency	Amount in Foreign Currency	Amount in ₹	Conversion Rate	Amount in Foreign Currency	Amount in ₹	Conversion Rate
Creditors for capital goods	USD	250	0.02	62.59	6,378	0.38	60.10
	GBP	6,136	0.57	92.46	14,355	1.43	99.85
Creditors for services	USD	40,420	2.53	62.59	20,000	1.20	60.10
	EURO	8,418	0.57	67.51	-	-	82.58
Debtors	USD	9,617,995	602.00	62.59	5,828,970	350.32	60.10
	EURO	1,672,162	112.89	67.51	345,219	28.51	82.58
Cash & Bank	USD	1,724,426	107.93	62.59	2,058,537	123.72	60.10
Advance received from customers	USD	49,844	3.12	62.59	10,422,927	626.42	60.10
	EURO	7,350,000	496.20	67.51	-	-	82.58
Advance paid to parties	USD	349,592	21.88	62.59	772,094	46.40	60.10
	EURO	238,987	16.13	67.51	1,072,181	88.54	82.58
	CHF	6,313	0.41	64.83	5,800	0.39	67.36
	GBP	21,043	1.95	92.46	505	0.05	99.85
	CNY	4,120	0.04	10.20	3,702	0.04	9.69
	DKK	-	-	9.08	4,900	0.06	11.23
	JPY	505,000	0.26	0.52	133,000	0.08	0.59
	MYR	-	-	16.84	300	0.01	19.22
	ZAR	330	-	5.17	780	0.00*	5.65
	HKD	90	-	8.06	-	-	7.70

* Amount less than Indian Rupees 10,000

37. CAPITAL AND OTHER COMMITMENTS

	March 31, 2015	March 31, 2014
Estimated amount of contracts remaining to be executed on capital account and not provided for	1,223.00	1,181.00
Other commitments	Nil	Nil

38. CONTINGENT LIABILITIES

	March 31, 2015	March 31, 2014
Outstanding bank guarantees (excluding performance obligations)	56.29	46.87
Bills Discounted	1,780.12	1,634.50
Demand for direct taxes under appeal *	10.10	10.10
Preference Dividend	0.02	0.02

*Demand for direct taxes under appeal comprise demand from the Indian tax authorities for payment of additional tax for the financial year 2007-08 (Assessment year 2008-09) on account of disallowance of deduction under Section 10A of the Income Tax Act, 1961 as claimed by the company under the Income tax Act of ₹ 10.10 (March 31, 2014: ₹ 10.10). As against the same, the Company has paid tax under protest for ₹ 7.05 (March 31, 2014: ₹ 7.05). The matter is pending before the Honourable High Court of Karnataka.

The company is contesting the demands and the management, including its tax advisors, believe that its position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the company's financial position and results of operations.

NOTES
to financial statements for the year ended March 31, 2015

(All amounts in Million Rupees except for share data or as otherwise stated)

39. CIF VALUE OF IMPORTS

	March 31, 2015	March 31, 2014
Raw Materials	7,539.28	6,788.77
Stores and Spares	7.74	5.58
Capital Goods	404.57	147.57
	7,951.59	6,941.92

40. EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)

	March 31, 2015	March 31, 2014
Legal and professional charges	21.09	34.15
Finance costs	25.48	29.40
Commission on export sales	8.75	10.22
Salaries	20.72	18.17
Business promotion and advertisement	28.96	9.55
Membership and Subscriptions	10.07	7.38
Travelling Expenses	4.04	3.77
Rates and taxes	17.80	16.53
Others	12.10	12.76
	149.01	141.93

41. IMPORTED AND INDIGENOUS RAW MATERIALS, PACKING MATERIALS AND STORES AND SPARES CONSUMED

	March 31, 2015		March 31, 2014	
	% of Total consumption	₹ million	% of Total consumption	₹ million
Raw Materials				
Imported	77.61%	6,981.42	76.26%	5,969.56
Indigenous	22.39%	2,013.86	23.74%	1,858.60
	100.00%	8,995.29	100.00%	7,828.16
Packing Material				
Imported	0.00%	-	0.00%	-
Indigenous	100.00%	70.94	100.00%	54.72
	100.00%	70.94	100.00%	54.72
Stores and spares				
Imported	6.36%	7.87	6.92%	3.71
Indigenous	93.64%	115.84	93.08%	49.87
	100.00%	123.71	100.00%	53.58

42. EARNINGS IN FOREIGN EXCHANGE

	March 31, 2015	March 31, 2014
API and Contract Research Services	4,996.08	5,316.04
Software Services	-	117.14
	4,996.08	5,433.18

NOTES

to financial statements for the year ended March 31, 2015

(All amounts in Million Rupees except for share data or as otherwise stated)

43. EXPENDITURE DURING CONSTRUCTION PERIOD (PENDING ALLOCATION)

	March 31, 2015	March 31, 2014
Opening Balance	16.83	6.89
Add:		
Salaries, allowances and benefits to employees	-	9.18
Travelling and conveyance	-	0.10
Staff welfare expenses	-	0.22
Contribution to provident fund and other funds	-	0.53
Rates and Taxes	9.32	9.58
Power and fuel	20.58	2.90
Rent	3.28	2.15
Factory maintenance	5.06	1.81
Insurance	1.61	0.36
Others	0.29	0.57
Less:		
Capitalised during the year	32.47	17.46
	24.50	16.83

44 Figures of the previous year have been rearranged wherever necessary to them comparable with the current year's classification.

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number : 101049W

per Vikas Kumar Pansari
Partner
Membership No. 093649

Place: Hyderabad
Date: April 30, 2015

For and on behalf of the Board of Directors
LAURUS LABS PRIVATE LIMITED

Dr. C. Satyanarayana
Chief Executive Officer

V.V. Ravi Kumar
Executive Director

Place: Hyderabad
Date: April 30, 2015

A. Nagaraj Kumar
Company Secretary

INDEPENDENT AUDITOR'S REPORT

To
The Members of
Laurus Labs Private Limited

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Laurus Labs Private Limited (the "Company"), its subsidiaries and associate (together, the "Group") as referred to in section 129 (3) of the Companies Act 2013 ("the Act"), which comprise of the Consolidated Balance Sheet as at March 31, 2015, the Consolidated Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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 the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Group's management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at March 31, 2015, its consolidated profit, and its consolidated cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

OTHER MATTER

The accompanying consolidated financial statements include total assets of ₹ 78.79 million as at March 31, 2015, total revenue of ₹ 2.77 million, and loss before tax of 55.63 million, for the year ended on that date, in respect of two of its subsidiaries and profit after tax amounting to ₹ 2.49 million for the year ended March 31, 2015, in respect of an associate, which have not been audited by us and the financial information in respect of the same is based on information provided by the management. Our opinion, in so far as it relates amounts and disclosures included in respect of the said unincorporated joint venture is based solely on the information provided by the management. Our opinion is not modified in respect of this matter.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W

per Vikas Kumar Pansari
Partner
Membership Number: 093649

Place of Signature : Hyderabad
Date : April 30, 2015

CONSOLIDATED BALANCE SHEET
as at March 31, 2015

(All amounts in Million Rupees except for share data or as otherwise stated)

	Notes	March 31, 2015
EQUITY AND LIABILITIES		
Shareholders' Funds		
Share Capital	3	821.25
Reserves and Surplus	4	6,419.27
		7,240.52
Non Current Liabilities		
Long Term Borrowings	5A	3,036.77
Deferred Tax Liability (Net)	6	113.00
Other Long Term Liabilities	7	446.58
Long Term Provisions	8A	51.26
		3,647.61
Current Liabilities		
Short Term Borrowings	9	4,316.35
Trade Payables	10	2,308.09
Other Current Liabilities	11	1,333.43
Short Term Provisions	8B	92.04
		8,049.91
Total		18,938.04
ASSETS		
Non Current Assets		
Fixed Assets		
Tangible Assets	12	7,948.99
Intangible Assets	12	61.15
Capital Work in Progress	12	1,096.69
Non Current Investments	13	74.47
Long Term Loans and Advances	14A	964.48
Other Non Current Assets	15A	139.73
		10,285.51
Current Assets		
Inventories	16	4,754.96
Trade Receivables	17	2,850.66
Cash and Bank Balances	18	588.85
Short Term Loans and Advances	14B	311.83
Other Current Assets	15B	146.23
		8,652.53
Total		18,938.04
Summary of significant accounting policies	2.1	

The accompanying notes are an integral part of the financial statements.
This is the Balance Sheet referred to in our report of even date

For S.R.BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number : 101049W

per Vikas Kumar Pansari
Partner
Membership No. 093649

Place: Hyderabad
Date: April 30, 2015

For and on behalf of the Board of Directors
LAURUS LABS PRIVATE LIMITED

Dr. C. Satyanarayana
Chief Executive Officer

Place: Hyderabad
Date: April 30, 2015

V.V. Ravi Kumar
Executive Director

A. Nagaraj Kumar
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2015

(All amounts in Million Rupees except for share data or as otherwise stated)

		Notes	March 31, 2015
I.	**INCOME**		
	Revenue from Operations (Gross)	19	**13,379.24**
	Less: Excise Duty		**113.34**
	Revenue from Operations (Net)		**13,265.90**
	Other Income	20	**340.71**
	Total Revenue (I)		**13,606.61**
II.	**EXPENSES**		
	Cost of Materials Consumed	21	**9,066.30**
	Purchase of Traded Goods	22	**61.85**
	Increase in Inventories of Finished Goods and Work-in-Progress	23	**(844.53)**
	Other Manufacturing Expenses	24	**1,232.39**
	Employee Benefits Expenses	25	**1,328.20**
	Operating and Selling Expenses	26	**419.15**
	Total Expenses (II)		**11,263.36**
III.	**Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) (I-II)**		**2,343.25**
	Depreciation and Amortisation	12	**615.26**
	Finance Costs	27	**1,061.57**
IV.	**Profit Before Tax**		**666.42**
V.	**Tax Expense**		
	Current Tax (including taxes for earlier years ₹ 14.33)		**166.58**
	Minimum Alternate Tax credit entitlement (including taxes for earlier years ₹ 14.33)		**(166.58)**
	Deferred Tax Credit		**(15.26)**
	Total Tax Credit		**(15.26)**
	Share of results of associates		**2.49**
VI.	**Profit for the year**		**684.17**
	Earnings Per Equity Share ₹ 10 each fully paid	28	
	Computed on the basis of total profit for the year		
	Basic (₹)		**44.30**
	Diluted (₹)		**30.86**
	Summary of Significant Accounting Policies	2.1	

The accompanying notes are an integral part of the financial statements.
This is the Statement of Profit and Loss referred to in our report of even date

For S.R.BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number : 101049W

per Vikas Kumar Pansari
Partner
Membership No. 093649

Place: Hyderabad
Date: April 30, 2015

For and on behalf of the Board of Directors
LAURUS LABS PRIVATE LIMITED

Dr. C. Satyanarayana
Chief Executive Officer

V.V. Ravi Kumar
Executive Director

Place: Hyderabad
Date: April 30, 2015

A. Nagaraj Kumar
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2015

(All amounts in Million Rupees except for share data or as otherwise stated)

Particulars	March 31, 2015
CASH FLOW FROM OPERATING ACTIVITIES BEFORE TAXES AND SHARE OF ASSOCIATE	
Profit Before Tax	**666.42**
Adjustments for :	
Depreciation and amortisation	**615.26**
Profit on Sale of fixed assets (net)	**(0.16)**
Interest income	**(21.69)**
Interest expense	**862.43**
Gross compensation for options granted during the year	**9.10**
Net gain on foreign exchange fluctuations (unrealised)	**(116.81)**
Unclaimed balance written back	**(16.45)**
Impairment of goodwill on consolidation	**3.39**
Advances and bad debts written off	**0.99**
Provision for doubtful advance and receivables	**0.26**
Gratuity and compensated absences	**25.76**
Operating Profit Before Working Capital Changes	**2,028.50**
Movement In Working Capital:	
Increase in inventories	**(1,473.99)**
Increase in trade receivables	**(897.41)**
Increase in long term loans and advances	**(43.86)**
Increase in short term loans and advances	**(52.46)**
Increase in other non current assets	**(26.74)**
Increase in other current assets	**(83.04)**
Increase in other long term liabilities	**543.47**
Increase in trade payables	**97.20**
Decrease in other current liabilities	**(570.35)**
Cash Generated From Operations	**(478.68)**
Direct taxes paid	**(168.18)**
Net Cash Flow used in Operating Activities (A)	**(646.86)**
Cash Flow Used In Investing Activities	
Purchase of fixed assets, including intangible assets, capital work in progress and capital advances	**(3,831.15)**
Proceeds from sale of fixed assets	**9.70**
Investments in bank deposits	**(76.12)**
Purchase of investment	**(71.98)**
Net Cash Flow Used In Investing Activities (B)	**(3,969.55)**

CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2015 (Contd.)

(All amounts in Million Rupees except for share data or as otherwise stated)

Particulars	March 31, 2015
Cash Flow From Financing Activities	
Proceeds from issue of equity shares	1.32
Proceeds from Issue of CCPCPS-Series C Preference Shares (Net of share issue expenses of ₹ 57.11)	2,942.90
Repayment of long - term borrowings	(1,187.74)
Proceeds from long - term borrowings	2,748.09
Proceeds from short - term borrowings (Net)	1,184.60
Interest received	13.33
Interest paid	(841.69)
Net Cash Flow From Financing Activities (C)	4,860.81
Foreign currency translation reserve (D)	(0.20)
Net Increase in cash and cash equivalents (A+B+C+D)	244.20
Cash and Cash Equivalents at the beginning of the year	151.08
Cash and Cash Equivalents at the end of the year	395.28
Notes:	
Components of Cash and Cash Equivalents:	
Cash on hand	2.31
Balances with banks	
On current accounts	242.97
On margin money deposit accounts	150.00
Total Cash and Cash Equivalents	395.28

The accompanying notes are an integral part of the financial statements.
This is the Cash Flow referred to in our report of even date

For S. R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number : 101049W

per Vikas Kumar Pansari
Partner
Membership No. 093649

Place: Hyderabad
Date: April 30, 2015

For and on behalf of the Board of Directors
LAURUS LABS PRIVATE LIMITED

Dr. C. Satyanarayana
Chief Executive Officer

V.V. Ravi Kumar
Executive Director

Place: Hyderabad
Date: April 30, 2015

A. Nagaraj Kumar
Company Secretary

NOTES

to consolidated financial statements for the year ended March 31, 2015

(All amounts in Million Rupees except for share data or as otherwise stated)

1. CORPORATE INFORMATION

Laurus Labs Private Limited (“the Company” or “the Parent Company”) together with its subsidiaries and associate (collectively termed as “the Group”) offers a broad and integrated portfolio of Active Pharma Ingredients (API) including intermediates and Contract Research services to cater to the needs of the global pharmaceutical industry.

2a. BASIS OF PREPARATION

The financial statements of the Group have been prepared as a going concern in accordance with the generally accepted accounting principles in India (Indian GAAP) and comply in all material respects with the applicable accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

These are Group’s first set of consolidated financial statements prepared in accordance with Accounting Standard 21 “Consolidated Financial Statements” and Accounting Standard 23 “Accounting for investments in associates in Consolidated Financial Statements” Accordingly, the Group has availed optional exemption of not presenting comparative Financial Statements of March 31, 2014.

2b. PRINCIPLES OF CONSOLIDATION

The Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company’s stand alone financial statements.

Investments in Consolidated Financial Statements are accounted in accordance with accounting principles as defined in the AS 21 “Consolidated Financial Statements” and AS-23 “Accounting for Investment in Associates in Consolidated Financial Statements”, under Equity method notified by Companies (Accounts) Rules 2014. The Consolidated Financial Statements are prepared on the following basis:

i) Subsidiary Companies are consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses after eliminating all significant intra-Group balances and intra-Group transactions and also unrealized profits or losses.

ii) The difference between the cost to the Group of investments in subsidiaries and the proportionate share in the equity of the investee Company as at the date of acquisition of stake is recognised in the Consolidated Financial Statements as Goodwill or Capital Reserve, as the case may be.

iii) Interest in associate are accounted for in consolidated financial statement under equity method as per Accounting Standard 23 – Accounting in Investment in Associates in Consolidated Financial Statement.

iv) Minorities’ interest in net profits/ losses of consolidated subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented in the Consolidated Balance Sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity in the absence of the contractual obligation on the minorities, the same is accounted for by the Company.

v) Goodwill on consolidation represents the difference between the Group’s share in the net worth of subsidiaries or an associate, and the cost of acquisition at each point of time of making the investment in the subsidiaries or the associate as per Accounting Standard (AS) 21 “Consolidated Financial Statements”. For this purpose, the Group’s share of net worth is determined on the basis of the latest financial statements, prior to the acquisition, after making necessary adjustments for material events between the date of such financial statements and the date of respective acquisition. Goodwill arising on consolidation as per Accounting Standard (AS) 21 “Consolidated Financial Statements” is not amortised, however, it is tested for impairment. In the event of cessation of operations of subsidiaries or associate, the unimpaired goodwill is written off fully.

vi) The financial statements of the entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company i.e. year ended March 31, 2015.

vii) The Consolidated Financial Statements for the year ended March 31, 2015 have been prepared on the basis of the financial statements of the following subsidiaries and associate:

NOTES
to consolidated financial statements for the year ended March 31, 2015

(All amounts in Million Rupees except for share data or as otherwise stated)

Name of the Entity	Country of incorporation	March 31, 2015
Subsidiary:		
Laurus Synthesis Inc.	USA	100%
Viziphar Biosciences Private Limited	India	100%
Associate:		
Sriam Labs Private Limited	India	27%

3a. CHANGE IN ACCOUNTING POLICY:

Depreciation on fixed assets

Till the year ended March 31, 2014, Schedule XIV to the Companies Act, 1956, prescribed requirements concerning depreciation of fixed assets. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013. The applicability of Schedule II has resulted in the following changes related to depreciation of fixed assets.

(a) **Useful lives/ depreciation rates**

Till the year ended March 31, 2014, depreciation rates prescribed under Schedule XIV were treated as minimum rates and the Group was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/ lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements.

Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II.

Had the Group continued to use the earlier estimated useful life of fixed assets for providing depreciation, the charge to Statement of profit and loss for the current year would have been lower by ₹ 59.56 and the net block of fixed assets and profit before tax would have been higher by ₹ 59.56.

(b) **Depreciation on assets costing ₹ 5,000/- or less**

Till year ended March 31, 2014, to comply with the requirements of Schedule XIV to the Companies Act, 1956, the Group was charging 100% depreciation on assets costing less than ₹ 5,000/- in the year of purchase. However, Schedule II to the Companies Act 2013, applicable from the current year, does not recognise such practice. Hence, to comply with the requirement of Schedule II to the Companies Act, 2013, the Group has changed its accounting policy for depreciations of assets costing less than ₹ 5,000/-. As per the revised policy, the Group is depreciating such assets over their useful life as assessed by the management. The management has decided to apply the revised accounting policy prospectively from accounting periods commencing on or after April 01, 2014.

The change in accounting for depreciation of assets costing less than ₹ 5,000/- did not have any material impact on financial statements of the Group for the current year.

a. Use of Estimates

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

b. Tangible Fixed Assets

Tangible Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

(All amounts in Million Rupees except for share data or as otherwise stated)

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

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

c. **Depreciation on tangible Fixed Assets**

i. Land acquired on lease is amortised over the period of lease.

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The management has estimated, supported by independent assessment by professionals, the useful lives of the following classes of assets:

	Useful lives estimated by the management (years)	Useful lives as stated in the Act (years)
Factory buildings	30	30
Other building	60	60
Plant and Equipment	5-20	5-20
Furniture and fixtures	10	10
Vehicles	5	8
Computers	3-6	3-6

d. **Intangible Assets**

Computer Softwares

i. Costs relating to software, which is acquired, are capitalised and amortised on a straight-line basis over their estimated useful lives of five years.

ii. Expenditure incurred on development of internally generated assets such as software from which future economic benefits will flow over a period of time is amortised over the estimated useful life or 5 years on a straight line basis, whichever is earlier.

e. **Leases**

Where the Company is a Lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss.

f. **Borrowing Costs**

Borrowing costs include interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the year they occur.

g. **Impairment**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

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to consolidated financial statements for the year ended March 31, 2015

(All amounts in Million Rupees except for share data or as otherwise stated)

h. Investments

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. Provision is made for diminution in value to recognise a decline other than temporary in the value of the investments. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

i. Inventories

Raw materials and packing materials are valued at lower of cost and net realisable value. Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials and packing materials is determined on a weighted average basis.

Work-in-progress and finished goods are valued at the lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads. Cost of finished goods is determined on a weighted average basis.

Traded goods are valued at the lower of cost and net realisable value.

Stores and spares are valued at the lower of cost and net realisable value. Cost of stores and spares is determined on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

j. Revenue Recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of Products

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods and acceptance by the buyer and any the additional amount is recognised based on the terms of the agreement entered into with customers, in the period when the collectability of the profit share becomes probable and a reliable measure of the profit share is available. The Group collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Group. They are, therefore, excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Sale of Services

Revenue from contract research operations is recognised in accordance with the terms of the relevant contracts with customers and when the related services are performed or the agreed milestones are achieved.

Interest Income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

Dividend Income

Dividend income is recognised when the Group's right to receive the dividend is established by the reporting date.

k. Foreign currency translation

i. Initial Recognition

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

(All amounts in Million Rupees except for share data or as otherwise stated)

ii. Conversion

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

iii. Exchange Differences

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

iv. Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortised and recognised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contracts is recognised as income or as expense for the year.

v. Translation of non integral foreign operation

The assets and liabilities of non-integral foreign operations are translated into the reporting currency at the exchange rate prevailing at the reporting date. Their statement of profit and loss are translated at exchange rates prevailing at the dates of transactions or weighted average rates, where such rates approximate the exchange rate at the date of transaction. The exchange differences arising on translation are accumulated in the foreign currency translation reserve. On disposal of a non-integral foreign operations, the accumulated foreign currency translation reserve relating to that foreign operation is recognised in the statement of profit and loss. When there is a change in the classification of foreign operations, the translation procedures applicable to the revised classification are applied from the date of the change in the classification. Any goodwill or capital reserve arising on acquisition of non-integral operations is translated at closing rate.

l. Retirement and other employee benefits

Retirement benefits in the form of provident fund contribution and superannuation are defined contribution schemes. The contributions to the provident fund and superannuation fund are charged to the statement of profit and loss for the year when the contributions are due. The Company has no obligation, other than the contributions payable to the funds.

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Actuarial gains/losses are immediately taken to statement of profit and loss and are not deferred.

The Group treats accumulated leave, as a long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on an actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Group presents the entire liability in respect of leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

m. Taxes on Income

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and

NOTES

to consolidated financial statements for the year ended March 31, 2015

(All amounts in Million Rupees except for share data or as otherwise stated)

reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Group has unabsorbed depreciation or carry forward tax losses, the entire deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits. At each balance sheet date, the Group re-assesses unrecognised deferred tax assets and accounts for unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date. The Group writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax assets can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

n. **Employee stock options**

Measurement and disclosure of the employee stock options is made in accordance with the Guidance Note on Accounting for Employee Share Based Payments Plans, issued by the Institute of Chartered Accountants of India. The Group measures compensation cost relating to employee stock options using the fair value method. Compensation expenses, if any, is amortised over the vesting period of the options on a straight line basis.

o. **Segment Reporting Policies**

Identification of segments

The Group's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Group operate.

Inter-segment transfers

The Group generally accounts for intersegment sales and transfers at cost plus appropriate margins.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items

The unallocated items include general corporate income and expense items which are not allocable to any business segment.

Segment accounting policies

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group as a whole.

p. **Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference

(All amounts in Million Rupees except for share data or as otherwise stated)

dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year.

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

q. Provisions

A provision is recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate of the amount required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

r. Deferred Revenue expenditure/Unamortised expenditure

Costs incurred in raising funds are amortised equally over the period for which the borrowings are undertaken.

s. Contingent Liabilities

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

t. Cash and Cash equivalents

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

u. Research and development

Revenue expenditure on research and development is charged to revenue in the year in which it is incurred. Capital expenditure on research and development is added to fixed assets and depreciated in accordance with the policies of the Group.

v. Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule III to the Companies Act, 2013, the Group has elected to present earnings before interest, tax, depreciation and amortisation (EBITDA) as a separate line item on the face of the statement of profit and loss. The Group measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Group does not include depreciation and amortisation expense, finance costs and tax expense.

NOTES

to consolidated financial statements for the year ended March 31, 2015

(All amounts in Million Rupees except for share data or as otherwise stated)

3. SHARE CAPITAL

	March 31, 2015
Authorised	
16,746,067 - Equity shares of ₹ 10/- each	167.46
6,900,000 - 0.001% Compulsorily Convertible Participatory Cumulative Preference shares - Series A of ₹ 10/- each	69.00
2,477,387 - 0.001% Compulsorily Convertible Participatory Cumulative Preference shares - Series B of ₹ 243/- each	602.01
4,153,399 - 0.001% Compulsorily Convertible Participatory Cumulative Preference shares - Series C of ₹ 10/- each	41.53
	880.00
Issued, Subscribed and Paid Up	
15,511,880 - Equity share of ₹ 10/- each fully paid up	155.12
2,259,060 - 0.001% Compulsorily Convertible Participatory Cumulative Preference shares - Series A of ₹ 10/- each fully paid up	22.59
2,477,387 - 0.001% Compulsorily Convertible Participatory Cumulative Preference shares - Series B of ₹ 243/- each fully paid up	602.01
4,153,399 - 0.001% Compulsorily Convertible Participatory Cumulative Preference shares - Series C of ₹ 10/- each fully paid up	41.53
Total	821.25

3.1. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	March 31, 2015	
Equity Shares of ₹ 10 Each, Fully paid up	**No.**	**₹**
At the beginning of the year	15,379,755	153.80
Issued during the year -ESOP	132,125	1.32
Outstanding at the end of the year	15,511,880	155.12
0.001% Compulsorily Convertible Participatory Cumulative Preference shares - Series A of ₹ 10/- each fully paid up		
At the beginning of the year	2,259,060	22.59
Outstanding at the end of the year	2,259,060	22.59
0.001% Compulsorily Convertible Participatory Cumulative Preference shares - Series B of ₹ 243/- each fully paid up		
At the beginning of the year	2,477,387	602.01
Outstanding at the end of the year	2,477,387	602.01
0.001% Compulsorily Convertible Participatory Cumulative Preference shares - Series C of ₹ 10/- each fully paid up		
Issued during the year	4,153,399	41.53
Outstanding at the end of the year	4,153,399	41.53

3.2. Rights attached to Equity Shares

The Company has only one class of equity shares having a par value of ₹ 10 Per share. Each holder of equity shares is entitled to one vote per share at the general meetings of the Company. For liquidation terms and preferential rights refer note 3.3a.

3.3. Rights attached to Preference Shares

0.001% Compulsorily Convertible Participatory Cumulative Preference shares - Series A of ₹ 10/- each fully paid up

During the year ended March 31, 2008, the Company issued 6,800,000 CCPCPS of ₹ 10/- each fully paid at a premium of ₹ 140 per share and also during the year ended March 31, 2009, 88,690 CCPCPS had been issued as part of the scheme of amalgamation of Aptuit Informatics

(All amounts in Million Rupees except for share data or as otherwise stated)

India Private Limited with the Company. Each CCPCPS at the option of the holder is convertible into one equity share or will automatically be converted into one equity share on the twentieth anniversary of the initial issuance. For Liquidation terms and preferential rights refer note 3.3a. During the year ended March 31, 2012, the preference share holder converted 4,629,630 CCPCPS into equity shares and the balance of 2,259,060 CCPCPS was renamed as "Series A Preference Shares". Each "Series A Preference Shareholder" is entitled to cumulative preference dividend equal to 0.001% per financial year and to exercise one vote per one share at the general meetings of the Company. For liquidation terms and preferential rights refer note 3.3a.

0.001% Compulsorily Convertible Participatory Cumulative Preference shares - Series B of ₹ 243/- each fully paid up

During the year ended March 31, 2012, the Company had issued Series B Preference Shares of ₹ 243 each fully paid up aggregating 2,477,387 shares to FIL Capital Management (Mauritius) Limited, Fidelity India Principles (Both together named as Fidelity) and Dr. Satyanarayana Chava (Promoter). Each Series B Preference Share at the option of the holder is convertible into one equity share or will automatically be converted into one equity share after completion of 19 years and 365 days from the date of issue. Each Series B Preference Shareholder is entitled to cumulative preference dividend equal to 0.001% per financial year and to exercise one vote per share at the general meetings of the Company. For liquidation terms and preferential rights refer note 3.3a.

0.001% Compulsorily Convertible Participatory Cumulative Preference shares - Series C of ₹ 10/- each fully paid up

During the year ended March 31, 2015, the Company had issued Series C Preference Shares of ₹ 10 each fully paid up aggregating 4,153,399 shares to Bluewater Investment Limited ("Blue Water"). Each Series C Preference Share at the option of the holder is convertible into one equity share or will automatically be converted into one equity share after completion of 19 years and 365 days from the date of issue. Each Series C Preference Shareholder is entitled to cumulative preference dividend equal to 0.001% per financial year and to exercise one vote per share at the general meetings of the Company. For liquidation terms and preferential rights refer note 3.3a.

3.3a. Liquidation terms and preferential rights

In case of winding up or liquidation, if the liquidation proceeds are adequate to cater to the amount of investment of Bluewater and Fidelity as increased by an Internal Rate of Return (IRR) of 18% per annum computed thereon from the date of investment by each of them, then the liquidation proceeds will be shared equally among all the shareholders including preference shareholders proportionate to their holdings.

In the case of winding up or liquidation, if the liquidation proceeds are not adequate to cater to the amount of investment of Bluewater and Fidelity, then such proceeds shall be distributed amongst Bluewater, Fidelity and Promoter pari passu in proportion to Bluewater Investment Amount, Fidelity Investment Amount and Promoter Investment Amount of Series B Preference Shares respectively. Of the remaining proceeds if any, the preference is defined as under:

- Contracted investment of Series A preference shareholders
- Promoter contracted investment amount of 465,000 equity shares
- Other shareholders including promoter contracted investment amount of equity shares
- Balance distributed to all shareholders in proportion to their shareholding.

NOTES

to consolidated financial statements for the year ended March 31, 2015

(All amounts in Million Rupees except for share data or as otherwise stated)

3.4. Details of Shareholders holding more than 5% shares of the Company:

	March 31, 2015	
	% Holding	No.
Equity Shares of ₹ 10 each Held By		
Dr. C. Satyanarayana	24.00%	3,734,500
Blue Water Investment Limited	21.00%	3,330,758
FIL Capital Management (Mauritius) Limited	17.00%	2,592,872
Mrs. C. Naga Rani	10.00%	1,560,000
Dr. Raju S Kalidindi	8.00%	1,300,000
0.001% Compulsorily Convertible Participatory Cumulative Preference shares - Series A of ₹ 10/- each fully paid up		
Aptuit (Asia) Private Limited	100.00%	2,259,060
0.001% Compulsorily Convertible Participatory Cumulative Preference shares - Series B of ₹ 243/- each fully paid up		
FIL Capital Management (Mauritius) Limited	81.00%	1,973,531
Dr.C.Satyanarayana	19.00%	460,926
0.001% Compulsorily Convertible Participatory Cumulative Preference shares - Series C of ₹ 10/- each fully paid up		
Blue Water Investment Limited	100.00%	4,153,399

3.5. Details of Shares Reserved for issue under Options

For details of shares reserved for issue under Employee Stock Options Scheme plan of the Company, refer Note 30

4. RESERVES AND SURPLUS

	March 31, 2015
Capital Reserve	17.92
Securities Premium	
At the beginning of the year	1,130.99
Add : Premium on Issue of CCPS	2,958.47
Add : transferred from stock options outstanding	13.27
Less: Share issue expenses	57.10
Closing balance	4,045.63
Employee stock option (Note 30)	
Gross employee stock compensation for options granted in earlier years	47.59
Add: gross compensation for options granted during the year	19.09
Less: gross compensation for options forfeited during the year	3.08
Less: deferred employee stock compensation	20.88
Less: transfer to securities premium on exercise of stock option	13.27
Closing balance	29.45
Surplus in the Statement of profit and loss	
At the beginning of the year	1,642.30
Add : Profit for the year	684.17
Net surplus in the Statement of profit and loss	2,326.47
Foreign Currency Translation Reserve (FCTR)	(0.20)
Total Reserves and Surplus	6,419.27

NOTES
to consolidated financial statements for the year ended March 31, 2015

(All amounts in Million Rupees except for share data or as otherwise stated)

5. LONG TERM BORROWINGS

		March 31, 2015
A)	**Non Current portion**	
	Term Loans	
	Indian Rupee loans from banks (Secured) (a and c)	2,627.91
	Foreign currency loans from banks (Secured) (b and c)	253.96
	Buyers Credit	133.79
	Other Loans and Advances	
	Vehicle loans from banks (Secured) (d)	21.11
	Total	3,036.77
B)	**Current Maturities**	
	Term Loans	
	Indian Rupee loans from banks (Secured) (a and c)	698.26
	Foreign currency loans from banks (Secured) (b and c)	144.62
	Other Loans and Advances	
	Vehicle loans from banks (Secured) (d)	15.06
	Amount disclosed under the head 'other Current liabilities' (Note 11)	857.94

(a) The details of Indian rupee loans from banks comprise of term loans and Corporate Loan, are as under:

Name of the Bank	Outstanding Amount	Sanction Amount	No. of Instalments	Commencement of instalments	Rate of Interest
State Bank of India (SBI)	490.00	490.00	23 quarterly instalments ranging from ₹ 20.00 to ₹ 22.50	September 2015	Base rate plus 3.20% per annum from the date of loan i.e. December 2013.
State Bank of India (SBI)	217.40	450.00	20 quarterly instalments ranging from ₹ 18.00 to ₹ 24.00	June 2016	Base rate plus 2.00% per annum from the date of loan i.e. January 2015.
Export-Import Bank of India (EXIM)	490.00	490.00	23 quarterly instalments ranging from ₹ 20.00 to ₹ 22.50	July 2015	Base rate plus 2.00% per annum from the date of loan i.e. December 2013.
Export-Import Bank of India (EXIM)	820.93	1,000.00	18 equal quarterly instalments of ₹ 55.55	September 2014	Base rate plus 2.00% per annum from the date of loan i.e. March 2013.
Punjab National Bank (PNB)	472.09	1,450.00	20 quarterly instalments ranging from ₹ 57.00 to ₹ 76.00	June 2016	Base rate plus 1.75% per annum from the date of loan i.e. December 2014.
ICICI Bank (ICICI)	50.75	67.67	20 quarterly instalments of ₹ 3.38	February 2014	Base rate plus 2.50% per annum from the date of the loan i.e. November 2013.
State Bank of Hyderabad (SBH)	360.00	450.00	9 quarterly instalments ranging from ₹ 45.00 to ₹ 60.0	December 2014	Base rate plus 2.25% per annum from the date of the loan i.e. March 2014.
IDBI Bank (IDBI)	425.00	500.00	12 quarterly instalments ranging from ₹ 37.50 to ₹ 43.75	October 2014	Base rate plus 2.25% per annum from the date of the loan i.e. July 2014.

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to consolidated financial statements for the year ended March 31, 2015

(All amounts in Million Rupees except for share data or as otherwise stated)

(b) Foreign Currency loans from banks comprise Long Term Buyer's Credit, FCNR TL (B) and ECB loan from BBK.

Name of the Bank & Nature of Loan	Outstanding Amount	Sanction Amount	No. of Instalments	Commencement of instalments	Rate of Interest
Bank of Bahrain and Kuwait (BBK) - ECB Loan	211.06	US$ 5.40 Mn	16 quarterly instalments ranging from US$ 0.338 to US$ 0.330.	November 2013	London Inter -Bank Offered Rate (LIBOR) plus 3.50% per annum
ICICI Bank (ICICI) - Buyer's Credit	133.79	US$ 2.14 Mn	Single instalment	April 2017	LIBOR plus 0.74% per annum.
State Bank of India (SBI) - Foreign currency non residential term loan	187.52	US$ 3.00 Mn	12 quarterly instalments	June 2015	LIBOR plus 3.25% per annum.

(c) All Term loans (except ICICI and SBH Corporate Loan) are secured by pari passu first charge on the fixed assets (both present and future) except to the extent of assets exclusively charged to banks. It is further secured by pari passu second charge on current assets both present and future. Also personal guarantees have been given by the Chief Executive Officer and one of the Executive Directors of the Company.

Corporate Loan from SBH has been secured by pari passu first charge on the current assets (both present and future) and by pari passu second charge on the fixed assets, excluding assets with an exclusive charge to banks. Also personal guarantees have been given by the Chief Executive Officer and one of the Executive Directors of the company.

ICICI Term loan is secured by exclusive charge on the movable machinery/fixed assets procured from the term loan/FCNR/Buyers Credit/LC sanctioned by ICICI Bank and also personal guarantees have been given by the Chief Executive Officer and one of the Executive Directors of the Company.

(d) Vehicle loans from banks are repayable in instalments ranging from 36 to 48 months from the date of the loan and secured by hypothecation of the respective vehicles.

6. DEFERRED TAX LIABILITY (NET)

		March 31, 2015
Deferred Tax Liability		
Income tax at the applicable rate on the difference between the aggregate book written down value and tax written down value of fixed assets		**490.28**
	(A)	**490.28**
Deferred Tax Asset		
Income tax at the applicable rate on unabsorbed business loss and depreciation		**(333.70)**
Impact of expenditure charged to the statement of Profit and Loss in the current year but allowed for tax purposes on payment basis		**(43.58)**
	(B)	**(377.28)**
Deferred Tax Liability (Net)	(A+B)	**113.00**

NOTES
to consolidated financial statements for the year ended March 31, 2015

(All amounts in Million Rupees except for share data or as otherwise stated)

7. OTHER LONG TERM LIABILITIES

	March 31, 2015
Advances from Customers	446.58
Total	**446.58**

8. PROVISIONS

		March 31, 2015
A)	**Long Term Provisions**	
	Provision for Gratuity (Note 29)	51.26
	Total	**51.26**
B)	**Short Term Provisions**	
	Provision for Gratuity (Note 29)	4.16
	Provision for Compensated absences	50.36
	Provision for Taxation	37.52
	Total	**92.04**

9. SHORT TERM BORROWINGS

	March 31, 2015
Cash Credits and Working Capital Demand Loan	
Indian Rupee loans from banks (Secured)	2,564.54
Foreign Currency loans from banks (Secured)	394.36
Buyers Credit from banks (Secured)	1,357.45
Total	**4,316.35**

Short term borrowings are availed of in both Rupee and Foreign currencies. Interest on rupee loans ranges from Base rate plus 1% to 2.25%. Buyers credit loan interest ranges from LIBOR plus 0.25% to 0.52%. These borrowings are secured by pari passu first charge on current assets and pari passu second charge on the fixed assets (both present and future). Also personal guarantees have been given by the Chief Executive Officer and one of the Executive Directors of the Company.

10. TRADE PAYABLES

	March 31, 2015
Trade Payables	2,308.09
Total	**2,308.09**

11. OTHER CURRENT LIABILITIES

	March 31, 2015
Current maturities of long term borrowings (Note 5B)	857.94
Capital Creditors	341.18
Interest accrued but not due on borrowings	40.35
Advances from customers	54.73
Statutory dues	39.23
Total	**1,333.43**

NOTES
to consolidated financial statements for the year ended March 31, 2015

(All amounts in Million Rupees except for share data or as otherwise stated)

12. FIXED ASSETS

Particulars	Tangible Assets								Intangible Assets			
	Leasehold Land	Freehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Computers	Vehicles	Total Tangible Assets (A)	Computer Software purchased	Goodwill on Consolidation	Total Intangible Assets (B)	Grand Total (A+B)
Gross Block												
As at April 01, 2014	291.95	768.12	1,316.02	3,478.75	176.25	67.92	67.50	6,166.51	63.25	-	63.25	6,229.77
Additions	-	1.30	885.35	2,623.40	58.35	30.21	19.26	3,617.87	27.69	-	27.69	3,645.56
Additions on inclusion of subsidiary companies	-	-	-	-	-	-	-	-	-	3.39	3.39	3.39
Disposals/Adjustments	-	-	-	(8.43)	-	(0.72)	(4.43)	(13.58)	-	-	-	(13.58)
As at March 31, 2015	**291.95**	**769.42**	**2,201.37**	**6,093.72**	**234.60**	**97.41**	**82.33**	**9,770.80**	**90.94**	**3.39**	**94.33**	**9,865.14**
Depreciation/Amortisation/												
As at April 01, 2014	22.08	-	170.61	853.52	114.52	42.62	20.58	1,223.93	16.47	-	16.47	1,240.41
Charge for the year	8.29	-	56.17	489.75	19.24	14.15	14.34	601.94	13.32	-	13.32	615.26
Disposals/Adjustments	-	-	-	(0.97)	-	(0.72)	(2.37)	(4.06)	-	-	-	(4.06)
As at March 31, 2015	**30.37**	**-**	**226.78**	**1,342.30**	**133.76**	**56.05**	**32.55**	**1,821.81**	**29.79**	**-**	**29.79**	**1,851.61**
Accumulated Impairment												
As at April 01, 2014	-	-	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-	-	-	-	3.39	3.39	3.39
as at March 31, 2015	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3.39**	**3.39**	**3.39**
Net Block												
As at March 31, 2015	**261.58**	**769.42**	**1,974.59**	**4,751.42**	**100.84**	**41.36**	**49.78**	**7,948.99**	**61.15**	**-**	**61.15**	**8,010.14**

Capital Work in Progress (including expenditure during construction period - note 36) : ₹ 1,096.69.

Notes:

* includes expenditure during the construction period amounting to ₹ 32.47.

NOTES

to consolidated financial statements for the year ended March 31, 2015

(All amounts in Million Rupees except for share data or as otherwise stated)

13. NON CURRENT INVESTMENTS

	March 31, 2015
Equity shares (fully paid-up)	
3,834,908 Equity Shares of ₹ 10 each of Sriam Labs Pvt Ltd (Including goodwill of ₹ 32.77)	71.98
Add : share of profits from Associate	2.49
	74.47

14. LOANS AND ADVANCES

		March 31, 2015
A)	**Long Term (Unsecured, Considered Good unless otherwise stated)**	
	Capital Advances	250.42
	Security Deposit	50.98
	Advances Recoverable in Cash or Kind	
	Advances Recoverable in cash or kind (including provision for doubtful advances ₹ 1.64)	22.90
	Other Loans and Advances	
	Advance Tax	0.79
	Minimum Alternate Tax Credit Entitlement	633.98
	Tax paid under protest	7.05
		966.12
	Less: Provision for doubtful advances	1.64
	Total	964.48
B)	**Short Term (Unsecured, Considered Good unless otherwise stated)**	
	Advances Recoverable in cash or kind	117.53
	Other Loans and Advances	
	Loans and Advances to Employees	2.68
	Prepaid expenses	84.32
	Balances with Statutory/Government Authorities	107.30
	Total	311.83

15. OTHER ASSETS

		March 31, 2015
A)	**Other Non Current Assets**	
	Non Current Bank Deposits (Note 18)	75.48
	Interest Accrued on Deposits	5.94
	Unamortised expenditure	16.38
	Incentive Receivable	41.93
	Total	139.73
B)	**Other Current Assets**	
	Interest Accrued on Deposits	8.52
	Insurance Claim Receivable	85.38
	Unamortised expenditure	8.88
	Incentive Receivable	20.98
	Others	22.47
	Total	146.23

NOTES

to consolidated financial statements for the year ended March 31, 2015

(All amounts in Million Rupees except for share data or as otherwise stated)

16. INVENTORIES

	March 31, 2015
(At lower of cost and net realisable value)	
Raw Materials [including Port Stock and Stock in transit ₹ 1,086.48]	2,310.94
Work-in-progress	1,464.25
Finished Goods	915.04
Stores, spares and packing materials	64.73
Total	4,754.96

17. TRADE RECEIVABLES

	March 31, 2015
Outstanding for a period exceeding six months from the date they are due for payment	
Unsecured, Considered Good	18.58
Doubtful	4.74
	23.32
Less: Provision for doubtful receivables	4.74
	18.58
Other Receivables	
Unsecured, Considered Good	2,832.08
	2,832.08
Total	2,850.66

18. CASH AND BANK BALANCES

	March 31, 2015
Cash and Cash Equivalents	
Balances with Banks	
- On Current Accounts	242.97
- Deposits with original maturity of less than three months	150.00
Cash on Hand	2.31
Other Bank Balances	
On Deposit Accounts	
- Deposits with original maturity of less than three months	5.61
- Deposits with original maturity for more than 3 months but less than 12 months	62.46
- Deposits with original maturity for more than 12 months	200.86
On Margin Money Deposit Accounts	269.05
Less : Amount disclosed under non Current assets (Note 15A)	(75.48)
Total	588.85

Deposits with a carrying amount of ₹ 269.05 are towards margin money given for letter of credit and bank guarantees.

NOTES
to consolidated financial statements for the year ended March 31, 2015

(All amounts in Million Rupees except for share data or as otherwise stated)

19. REVENUE FROM OPERATIONS

		For the year ended March 31, 2015
Sale of Products		
Income from Sale of API and Intermediates		13,121.05
Income from Sale of Traded goods		69.27
	(A)	13,190.32
Sale of Services		
Contract Research Services		66.06
	(B)	66.06
Other Operating Revenue		
Sale of Scrap		8.70
Sales Incentives		29.85
Others		84.31
	(C)	122.86
Revenue from Operations (Gross)	(A+B+C)	13,379.24
Less: Excise Duty		113.34
Revenue from Operations (Net)		13,265.90
Details of sale of traded goods		
Lithium metal		17.51
2-Methyl THF		12.44
Tetrahydrofuran		10.88
Others		28.44
Total of Products Sold		69.27

20. OTHER INCOME

	For the year ended March 31, 2015
Interest Income on	
Deposits and Margin money	20.00
Others	1.69
Net Gain on Foreign Exchange Fluctuations	181.89
Insurance Claim Receivable	118.07
Profit on Sale of Assets (net)	0.16
Unclaimed balances written back	16.45
Miscellaneous Income	2.45
Total	340.71

NOTES

to consolidated financial statements for the year ended March 31, 2015

(All amounts in Million Rupees except for share data or as otherwise stated)

21. COST OF MATERIALS CONSUMED

		For the year ended March 31, 2015
Raw Materials Consumed		
Opening stock at the beginning of the year		**1,688.16**
Add : Purchases		**9,643.07**
Less : Sale of materials		**24.93**
		11,306.30
Less : Closing stock at the end of the year		**2,310.94**
	(A)	**8,995.36**
Packing Materials Consumed	(B)	**70.94**
Total	**(A+B)**	**9,066.30**

22. PURCHASES OF TRADED GOODS

	For the year ended March 31, 2015
Lithium metal	**14.22**
2-Methyl THF	**12.44**
Tetrahydrofuran	**9.35**
Others	**25.84**
Total	**61.85**

23. INCREASE IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

	For the year ended March 31, 2015
Opening stock of inventories	
Finished goods of API and Intermediates	**472.53**
Work-in-Progress of API and Intermediates	**1,062.23**
	1,534.76
Closing stock of inventories	
Finished goods of API and Intermediates	**919.82**
Work-in-Progress of API and Intermediates	**1,459.47**
	2,379.29
Increase in inventories	**(844.53)**

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to consolidated financial statements for the year ended March 31, 2015

(All amounts in Million Rupees except for share data or as otherwise stated)

24. OTHER MANUFACTURING EXPENSES

	For the year ended March 31, 2015
Consumption of stores and spares	123.71
Conversion charges	251.36
Factory maintenance	144.05
Effluent treatment expenses	113.06
Power and Fuel	498.62
Repairs & maintenance	
Plant and machinery	66.09
Buildings	11.59
Others	3.20
Product development	6.96
Others	13.75
Total	1,232.39

25. EMPLOYEE BENEFITS EXPENSES

	For the year ended March 31, 2015
Salaries, allowances and benefits to employees	1,039.46
Contribution to provident fund and other funds	56.38
Gratuity expense (Note 29)	15.98
Employee Stock Option Charge	9.10
Managerial remuneration	68.14
Recruitment and training	14.44
Staff welfare expenses	124.70
Total	1,328.20

NOTES

to consolidated financial statements for the year ended March 31, 2015

(All amounts in Million Rupees except for share data or as otherwise stated)

26. OPERATING AND SELLING EXPENSES

	For the year ended March 31, 2015
Rent	25.07
Rates and taxes	27.46
Office maintenance	20.91
Insurance	43.16
Printing and stationery	12.81
Consultancy and other professional charges	61.99
Membership and subscription	12.06
Remuneration to auditors	
-Audit Fee	3.30
-Tax audit fee	0.40
-Other services	0.15
-Out of pocket expenses	0.06
Travelling and conveyance	50.37
Communication expenses	13.08
Advances and Bad debts written off	0.99
Provision for doubtful advance and receivables	0.26
Impairment of goodwill on consolidation (note 12)	3.39
Marketing and selling expenses	85.39
Business Promotion and Advertisement	39.22
Donations	17.33
Miscellaneous expenses	1.75
Total	**419.15**

27 FINANCE COSTS

	For the year ended March 31, 2015
Interest	
- on Term loans	360.85
- on working capital loans	444.49
- on others	6.61
Premium on forward contracts amortised	100.98
Bank charges	98.16
Exchange Difference to the extent considered as an adjustment to borrowing costs	50.48
Total	**1,061.57**

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to consolidated financial statements for the year ended March 31, 2015

(All amounts in Million Rupees except for share data or as otherwise stated)

28. EARNINGS PER SHARE (EPS)

	For the year ended March 31, 2015
The following reflects the profit and share data used in the basic and diluted EPS computations:	
Profit after tax	**684.17**
Less: Preference dividend and tax thereon	**0.01**
Profit available for Equity shareholders	**684.16**
Weighted Average number of Equity Shares outstanding during the year	**15,444,500**
Weighted Average number of Equity Shares in computing diluted earnings per share	**22,174,107**
Face value of each Equity Share (₹)	**10.00**
Earnings per share	
- Basic (₹)	**44.30**
- Diluted (₹)	**30.86**

29. GRATUITY

Defined Benefit Plans

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is entitled to a gratuity on departure at 15 days salary for each completed year of service. The Scheme is funded through a policy with SBI Life Insurance Company Limited. The following tables summarise net benefit expenses recognised in the statement of profit and loss, the status of funding and the amount recognised in the Balance sheet for the gratuity plan:

	March 31, 2015
Profit and Loss account	
i. Net employee benefit expense (recognised in Employee benefits expenses)	
Current service cost	**5.18**
Interest cost	**3.49**
Expected return on plan assets	**(0.10)**
Net actuarial (gain) / loss recognised in the year	**7.41**
Net employee benefit expenses	**15.98**
Actual return on plan asset	**(0.10)**
Amount recognised in the Balance Sheet	
Defined benefit obligation	**56.87**
Fair value of plan assets	**1.45**
	55.42
Changes in the present value of the defined benefit obligation	
Opening defined benefit obligation	**43.68**
Current service cost	**5.18**
Interest cost	**3.49**
Benefits paid	**(2.89)**
Actuarial (gains) / losses on obligation	**7.41**
Closing defined benefit obligation	**56.87**
Change in the fair value of plan assets	
Opening fair value of plan assets	**1.25**
Expected return on plan assets	**0.10**
Contributions	**2.99**
Benefits paid	**(2.89)**
Closing fair value of plan assets	**1.45**

The Company expects to contribute ₹ 5.00 to the gratuity fund in the year 2015-16 against the short term liability of ₹ 4.16 as per the actuarial valuation.

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to consolidated financial statements for the year ended March 31, 2015

(All amounts in Million Rupees except for share data or as otherwise stated)

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	March 31, 2015
Investments with insurer	**100.00%**

The overall expected rate of return on assets is determined based on the actual rate of return during the current year.

The principal assumptions used in determining gratuity for the Company's plans are shown below:

	March 31, 2015
Discount rate	**8.00%**
Expected rate of return on assets	**8.50%**
Salary rise	**15.00%**
Attrition Rate	**12.00%**

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

Defined Contribution Plan

	March 31, 2015
Contribution to Provident Fund	**50.41**
Contribution to Superannuation Fund	**6.44**

30. EMPLOYEES STOCK OPTION SCHEME (ESOP 2011 PLAN)

The board of directors has approved the Laurus Employees Stock Option Scheme (ESOP) 2011 for issue of shares to eligible employees of the Company effective from September 19, 2011. According to the Scheme, the options granted vest within a period of four years, subject to the terms and conditions specified in the scheme.

Exercise period

Grant	Number of options	Year 1 25%	Year 2 25%	Year 3 50%
Grant I	553,000	20-Sep-13	20-Sep-14	20-Sep-15
Grant II	28,000	31-Dec-14	31-Dec-15	31-Dec-16
Grant III	38,500	19-Sep-15	19-Sep-16	19-Sep-17
Grant IV	75,500	19-Sep-16	19-Sep-17	19-Sep-18

Date of Grant	Number of options Granted	Exercise price	Fair value for option at grant date
September 19, 2011	553,000	10	105.96
December 31, 2012	28,000	10	171.22
September 19, 2013	38,500	10	183.10
September 19, 2014	75,500	10	270.00

The details of activity under the Scheme ESOP 2011 are summarised below :

	March 31, 2015 No. of options
Outstanding at the beginning of the year	**453,375**
Granted during the year	**75,500**
Forfeited during the year	**19,750**
Exercised during the year	**132,125**
Outstanding at the end of the year	**377,000**
Exercisable at the end of the year	**10,500**

(All amounts in Million Rupees except for share data or as otherwise stated)

The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	March 31, 2015			
	Grant IV	Grant III	Grant II	Grant I
Dividend yield	0.00%	0.00%	0.00%	0.00%
Expected volatility	0.00%	0.00%	0.00%	0.00%
Risk-free interest rate	8.56%	8.47%	8.01%	8.34%
Weighted average share price of ₹	269.97	175.94	171.22	113.15
Exercise price of ₹	10.00	10.00	10.00	10.00
Expected life of options granted in years	3.50	3.50	3.50	3.51

The expected life of the stock is based on the historical data and current expectations and is not necessarily indicative of exercise pattern that may occur.

31. SEGMENT REPORTING

A Segments are identified in line with AS 17 'Segment Reporting', taking into consideration the internal organisation and management structure as well as the differential risk and returns of the segment.

Based on the Group's business model of vertical integration, pharmaceuticals have been considered as the only reportable business segment and hence no separate financial disclosures provided in respect of its single business segment.

B Segment information for secondary segment reporting (by geographical segment)
The Company has reportable geographical segments based on location of customers:
(i) Revenue from customers within India – Domestic
(ii) Revenue from customers outside India – Exports

Geographical segments

	March 31, 2015		
	Outside India	Within India	Total
Revenue	4,973.91	8,291.99	13,265.90
Carrying amount of assets	75.13	18,862.91	18,938.04
Cost incurred to acquire Capital assets	28.98	3,802.17	3,831.15

Note: The Company has common assets for producing goods for Domestic and Overseas Market. Hence, separate figures for assets/additions to assets cannot be furnished.

32 RELATED PARTY DISCLOSURES

Names of related parties and description of relationship

Name of the related party	Relationship
Company which exercises significant influence	
i) FIL Capital Management(Mauritius) Limited *	
ii) FIL Capital Advisor Trustee Company Private Limited *	
iii) Bluewater Investment Limited **	
Associate Company	
i) Sriam Labs Private Limited #	
Company where control exists	
i) Laurus Infosystems (India) Private Limited	
Key Management Personnel	
i) Dr. C. Satyanarayana	Chief Executive Officer
ii) Dr. Raju S Kalidindi	Executive Director
iii) Mr. V.V. Ravi Kumar	Executive Director

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to consolidated financial statements for the year ended March 31, 2015

(All amounts in Million Rupees except for share data or as otherwise stated)

Name of the related party		Relationship
Relatives of Key Management Personnel		
i)	Mr. C. Narasimha Rao	Brother of Dr. C. Satyanarayana
ii)	Mr. C. Chandrakanth	Son-in-Law of Dr. C. Satyanarayana
iii)	Mrs. C. Soumya	Daughter of Dr. C. Satyanarayana

* Ceased to exist significant influence from October 29, 2014

** effective from October 29, 2014

effective from April 25, 2014

Transactions during the year:

			March 31, 2015
a)	Company which exercises significant influence		
	i)	Bluewater Investment Limited	
		Issue of Preference Shares including Securities Premium	3,000.00
b)	Associate Company		
	i)	Sriam Labs Private Limited	
		Investments	71.98
		Conversion Charges	5.10
		Purchases	309.43
		Sales	0.59
		Sale of assets	1.65
c)	Company where control exists		
	i)	Laurus Infosystems (India) Private Limited	
		Software Maintenance	12.81
d)	Key Management Personnel		
	i)	Dr. C. Satyanarayana	
		Remuneration	33.61
	ii)	Dr. Raju S Kalidindi	
		Remuneration	13.50
	iii)	Mr. V.V. Ravi Kumar	
		Remuneration	13.50
		Rent	0.53
e)	Relatives of Key Management Personnel		
	i)	Mr. C. Narasimha Rao	
		Remuneration	3.08
	ii)	Mr. C. Chandrakanth	
		Remuneration	4.82
	iii)	Mrs. C. Soumya	
		Rent	1.05

Closing Balances - Debit/ (Credit)

			March 31, 2015
a)	Associate Company		
	i)	Sriam Labs Private Limited	(78.88)
b)	Key Management Personnel		
	i)	Mr. V.V. Ravi Kumar	
		Rent Payable	(0.09)

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to consolidated financial statements for the year ended March 31, 2015

(All amounts in Million Rupees except for share data or as otherwise stated)

			March 31, 2015
c)	Relatives of Key Management Personnel		
	i)	Mr. C. Narasimha Rao	
		Remuneration payable	**(0.50)**
	ii)	Mr. C. Chandrakanth	
		Remuneration payable	**(0.86)**
	iii)	Mrs. C. Soumya	
		Rent Payable	**(0.18)**

* Key Management personnel have given personal guarantees as collateral security in favour of bankers in connection with term loans, cash credit facilities and buyer's credit whose closing balance in total is ₹ 8,173.70

As the future liability for gratuity and leave encashment is provided on an actuarial basis for the company as a whole, the amount pertaining to the Key Management personnel and their relatives is not ascertainable and, therefore, not included above.

33. FORWARD CONTRACTS

a) Forward contract outstanding as at Balance Sheet date

March 31, 2015 Buy US$ 35,361,430 — Hedging of loan and creditors

b) The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as under:

Details of Unhedged Foreign Currency Exposure

	March 31, 2015			
	Currency	Amount in Foreign Currency	Amount in ₹	Conversion Rate
Secured loans	USD	9,677,039	605.69	62.59
Creditors for goods	USD	14,236,528	891.08	62.59
	EURO	188,903	12.75	67.51
	GBP	1,200	0.11	92.46
	CHF	-	-	64.83
Creditors for capital goods	USD	250	0.02	62.59
	GBP	6,136	0.57	92.46
Creditors for services	USD	40,420	2.53	62.59
	EURO	8,418	0.57	67.51
Debtors	USD	9,617,995	602.00	62.59
	EURO	1,672,162	112.89	67.51
Cash & Bank	USD	1,724,426	107.93	62.59
Advance received from customers	USD	49,844	3.12	62.59
	EURO	7,350,000	496.20	67.51
Advance paid to parties	USD	349,592	21.88	62.59
	EURO	238,987	16.13	67.51
	CHF	6,313	0.41	64.83
	GBP	21,043	1.95	92.46
	CNY	4,120	0.04	10.20
	DKK	-	-	9.08
	JPY	505,000	0.26	0.52
	MYR	-	-	16.84
	ZAR	330	-	5.17
	HKD	90	-	8.06

* Amount less than Indian Rupees 10,000

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to consolidated financial statements for the year ended March 31, 2015

(All amounts in Million Rupees except for share data or as otherwise stated)

34. CAPITAL AND OTHER COMMITMENTS

	March 31, 2015
Estimated amount of contracts remaining to be executed on capital account and not provided for	1,223.00
Other commitments	Nil

35. CONTINGENT LIABILITIES

	March 31, 2015
Outstanding bank guarantees (excluding performance obligations)	56.29
Bills Discounted	1,780.12
Demand for direct taxes under appeal *	10.10
Preference Dividend	0.02
	1,846.53

* Demand for direct taxes under appeal comprise demand from the Indian tax authorities for payment of additional tax for the financial year 2007-08 (Assessment year 2008-09) on account of disallowance of deduction under Section 10A of the Income Tax Act, 1961 as claimed by the company under the Income tax Act of ₹ 10.10 (March 31, 2014: ₹ 10.10). As against the same, the Company has paid tax under protest for ₹ 7.05 (March 31, 2014: ₹ 7.05). The matter is pending before the Honourable High Court of Karnataka.

The company is contesting the demands and the management, including its tax advisors, believe that its position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the company's financial position and results of operations.

36 EXPENDITURE DURING CONSTRUCTION PERIOD (PENDING ALLOCATION)

	March 31, 2015
Opening Balance	16.83
Add:	
Rates and Taxes	9.32
Power and fuel	20.58
Rent	3.28
Factory maintenance	5.06
Insurance	1.61
Others	0.29
Less:	
Capitalised during the year	32.47
	24.50

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number : 101049W

per Vikas Kumar Pansari
Partner
Membership No. 093649

Place: Hyderabad
Date: April 30, 2015

For and on behalf of the Board of Directors
LAURUS LABS PRIVATE LIMITED

Dr. C. Satyanarayana
Chief Executive Officer

V.V. Ravi Kumar
Executive Director

Place: Hyderabad
Date: April 30, 2015

A. Nagaraj Kumar
Company Secretary

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CORPORATE INFORMATION

Directors
Dr. C Satyanarayana
Dr. Srihari Raju Kalidindi
V V Ravi Kumar
Frank J Wright
Rajesh Kumar Dugar
Dr. Robert Weisskoff
Niten Malhan
Narendra Ostawal
Conner Town Mulvee
Amal Ganguli

Auditors
S R Batliboi & Associates LLP
Chartered Accountants
The Oval Office, 18, iLabs Centre
Hitech City, Madhapur
Hyderabad – 500 081

Bankers
State Bank of India
State Bank of Hyderabad
Punjab National Bank
ICICI Bank Limited
Bank of Bahrain & Kuwait B.S.C.
Kotak Mahindra Bank Limited
Export Import Bank of India
CITI Bank NA
HDFC Bank Limited
Hongkong and Shanghai Banking Corporation
Ratnakar Bank Limited
Axis Bank Limited
Industrial Development Bank of India

Registered Office and Unit 01
Drug Substance Facility
Plot No.21
Jawaharlal Nehru Pharma City, Parawada
Visakhapatnam – 531 021, India

Unit 02
Integrated Facility
Plot Nos. 19, 20, 21
Gurjapalem, APSEZ
Atchutapuram
Visakhapatnam - 531 011, India

Unit 03
Drug Substance Facility
Plot No. 18
Jawaharlal Nehru Pharma City, Parawada
Visakhapatnam – 531 021, India

Research & Development Centre
Plot No.DS1
IKP Knowledge Park
Turkapally, Shameerpet
Hyderabad – 560 066, India

Subsidiaries
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State of Delaware, DE 19904
United State of America

Viziphar Biosciences Private Limited
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