MOVING TO A HIGHER ORBIT

DECADE LONG EXPERIENCE

COMPLETE PHARMA VALUE CHAIN

ONE QUALITY FOR ALL MARKETS

HIGH CALIBRE PEOPLE

LAURUS LABS PRIVATE LIMITED

ANNUAL REPORT

2015-16

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Corporate Overview

Statutory Reports

Financial Statements

For further information log on to www.lauruslabs.com

17,808mn

Revenues from Operations
(from ₹ 13,263 million in 2014-15)

1,416mn

PAT
(from ₹ 736 million in 2014-15)

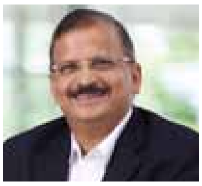
89

Earnings per Share
(from ₹ 48 in 2014-15)

2

Dividend per Share

(All figures are in ₹)



page **10**
We believe in creating markets, rather than being a 'me-too' player.

page **14**
Introduction of Hepatitis C franchise brought significant business growth and long-term opportunity.

page **18**
'One Quality for all Markets' is our global strategy.

Ever since inception, we at Laurus have consistently made the most of opportunities and gained momentum.

During 2015-16, we pushed the envelope further to move to a higher orbit of growth and sustainability.

We sharpened our focus and expertise to offer a broad and integrated portfolio of research and manufacturing services to our global clients. Our offerings span the entire drug development continuum.

We strengthened scale and research capabilities to develop new products, reduce process time and lower cost of production.

We put in place a robust quality assurance architecture to ensure consistent quality, efficiency and product safety worldwide.

We invested in our people to make them more productive; and also nurtured our relationships with customers, partners and all other stakeholders to build a holistic growth paradigm.

Our orbit-shifting strategies are enabling us to provide integrated solutions to the global pharmaceutical industry responsibly and sustainably.

AIMING HIGH, TOWARDS EXCELLENCE

Driven by innovation, growing talent pool and enduring relationships with clients, Laurus is an interesting story of perseverance and progress.

We are a leading developer and manufacturer of generic Active Pharmaceutical Ingredients (APIs) with a focus on specific products where we enjoy cost leadership. We are led by innovation in process chemistry and manufacturing efficiencies.

We offer a broad and integrated portfolio of products and services to the global pharmaceutical industry. Our best-in-class infrastructure and focus on knowledge accretion and innovation have enabled us to emerge as a segment-leading manufacturer of high quality APIs, a preferred partner for NCE development and manufacture; and a trusted source of specialty ingredients for the nutraceutical industry.

Ever since we commenced operations, our experience, expertise and core strengths have enabled us to help our clients reach relevant markets quicker; and contribute towards improving access to quality and affordable healthcare worldwide.

Vision

To become a leading player in offering integrated solutions to global pharmaceutical needs in creating a healthier world.

Mission

We constantly strive for innovation to enhance quality and to provide affordable integrated pharmaceutical solutions to facilitate wellness & wellbeing across the globe.

Markets

Presence across 32 countries worldwide

Strong presence in the US, South Africa and other regions

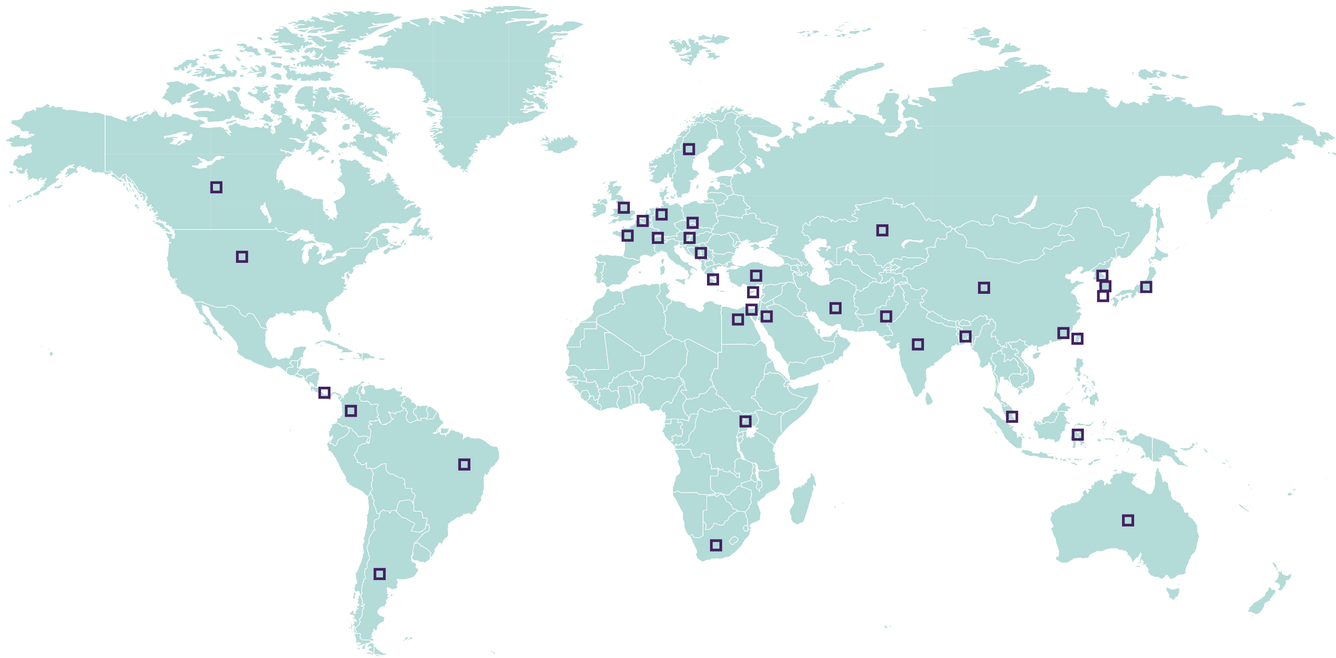
Business Units

GENERICS – API

- Established itself as a preferred supplier of quality APIs for antiretrovirals (ARVs) and oncology across the globe
- 3 of the top 5 global generic companies are Laurus customers
- Several licenses obtained from Gilead, ViiV and BMS through MPP
- Developed 2nd and 3rd generation molecules for the treatment of HIV patients
- Continuous process improvements and optimisation to maintain cost competitiveness

Our Presence

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.



Presence in countries

GENERICS – FDF

- Vertical integration, large capacities and cost-effective API process are the key competitive advantages
- Implementing e-batch records in the manufacturing plant to ensure superior quality
- Diverse product portfolio across different therapy areas
- Strategy to be “the last one standing” rather than focus only on “first to market” alone

INGREDIENTS

- Manufacture of highly pure, well characterised ingredients for use in nutraceutical/ dietary supplements and cosmeceutical products
- Strength lies in the development of alternate low-cost synthetic routes for typically naturally derived nutraceutical products
- Manufacturing and quality rigour matching that of the pharmaceutical APIs

SYNTHESIS

- Customers include some of the leading innovator companies
- Presence in the US through Laurus Synthesis Inc.
- With 100 scientists to provide process chemistry services to the global clients from India and the US
- Innovative, robust and scalable chemical development, coupled with flexi-scale drug substance manufacture

Manufacturing Facilities

Location - Five manufacturing facilities located at Visakhapatnam, Andhra Pradesh.

UNIT	DETAILS	SPACE	APPROVAL
1 34-acre campus in Jawaharlal Nehru Pharma City	Commercial-scale manufacture of non-potent & highly potent APIs	700,000 sq. ft. of built-up space with more than 300 multi-purpose reactors with a total capacity of 1,140KL	USFDA, TGA UKMHRA, KFDA, WHO-Geneva and PMDA approved
2 45 acre campus in Special Economic Zone at Atchutapuram	Integrated manufacturing site for API and Finished Dosage Forms	Pilot plant with 1 billion tablet/ year capacity Dedicated Metformin block with annual capacity of 2,500T	BfArM - Germany
3 40 acre campus in Jawaharlal Nehru Pharma City	Commercial-scale manufacture of non-potent APIs	80 reactors installed with a capacity of 605KL which is expected to be expanded to 715KL	WHO - Geneva, EU, USFDA approved
4 44 acre site in Non SEZ at Atchutapuram	API and Intermediate facility	Will be operational from July 2017	
5 8 acre site in SEZ at Parawada	Non-cytotoxic potent API facility	Will be operational from September 2016	

Investors

aptuit

a Subsidiary of Aptuit Holdings, LLC, a Welsh, Carson, Anderson & Stowe portfolio company

Aptuit (Asia) Private Limited

F-PRIME

8° EIGHT ROADS™

FIL Capital Management (Mauritius) Limited

WARBURG PINCUS

Bluewater Investment Ltd

Key Facts

50+
Number of R&D laboratories

59
APIs Commercialised

130
Patents filed till 2016

100%
DMFs contributing to top line

2,200+
Team

190+
Customers served

₹910mn
Invested in R&D in 2015-16

TAKING A CLOSER LOOK AT OPERATIONS

Highlights 2015-16

WHAT WE DID

We made progress towards our key strategic initiatives around the globe. We are well-positioned to deliver significant progress on our earnings and cash flow in the year to come and beyond.

1 GENERICS – API

- Introduction of Hepatitis C franchise brought significant business growth and long-term opportunity. This included equal profit sharing on formulation sales with a major formulation company, having both domestic and overseas marketing capabilities
- Expansion of the plants continued for API division
- Expanded product portfolio to several therapeutic segments like anti-diabetic, hypertension and cardiovascular

2 GENERICS – FDF

- Initiated development for 22 products
- Establishment of formulation facility — significant step for the next phase of Company's growth
- Integrated facility - API & FDF to offer significant benefits to partners
- Significant scope for expansion

3 INGREDIENTS

- Several natural extraction based products developed
- Steps initiated towards branded ingredients

4 SYNTHESIS

- Established a fully owned subsidiary Laurus Synthesis Inc. in US

Key priorities for the year ahead

ADD BANDWIDTH TO MANAGE GROWING BUSINESSES

AUGMENT FURTHER ON A DIFFERENTIATED PORTFOLIO – DEVELOP MORE HIGH VOLUME/VALUE PRODUCTS

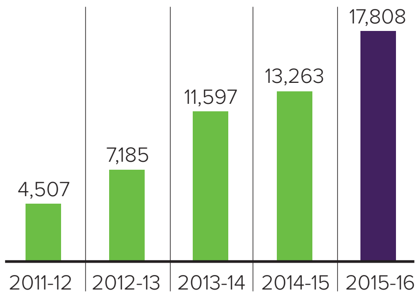
QUICKEN THE TIME TO COMMERCIALISE PRODUCT APPROVALS

AUTOMATE AND SIMPLIFY PROCESSES

DELIVER STRONG AND CONSISTENT CASH FLOW

BUILDING FINANCIAL ROBUSTNESS

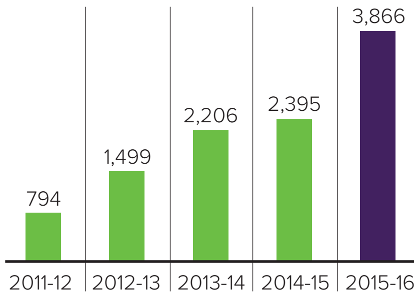
Net Sales (₹ million)



5 YEAR CAGR 32%

The Net Sales grew from ₹ 13,263 million in 2014-15 to ₹ 17,808 million in 2015-16 showing a growth of 34%.

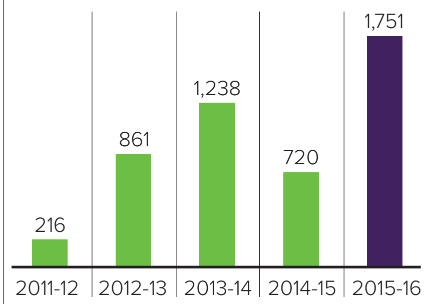
EBITDA (₹ million)



5 YEAR CAGR 37%

EBITDA grew from ₹ 2,395 million in 2014-15 to ₹ 3,866 million in 2015-16 showing a growth of 61%.

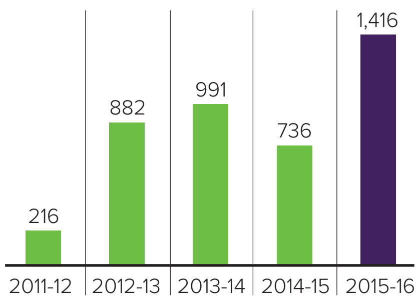
Profit Before Tax (₹ million)



5 YEAR CAGR 52%

Profit before tax rose from ₹ 720 million in 2014-15 to ₹ 1,751 million in 2015-16 showing a growth of 143%.

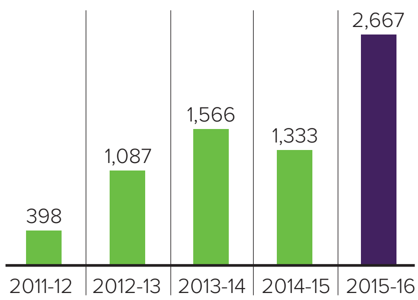
Profit After Tax (₹ million)



5 YEAR CAGR 46%

Profit after tax grew from ₹ 736 million in 2014-15 to ₹ 1,416 million in 2015-16 showing a growth of 92%.

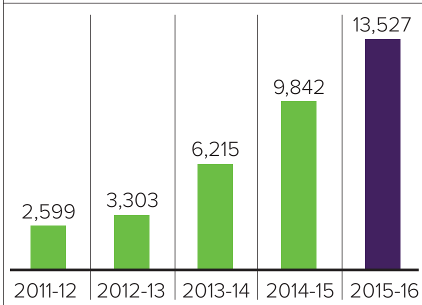
Cash Profit (₹ million)



5 YEAR CAGR 46%

Cash Profit stood at ₹ 2,667 million in 2015-16 as compared to 1,333 million in 2014-15.

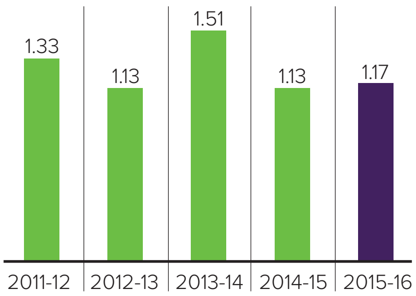
Gross Block (₹ million)



5 YEAR CAGR 39%

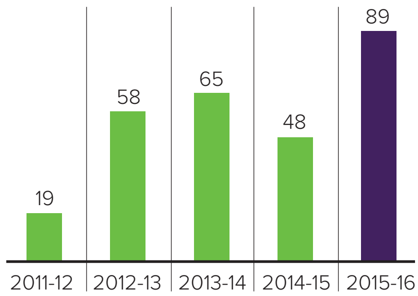
Gross block addition stood at ₹ 13,527 million in 2015-16 from ₹ 9,842 million in 2014-15.

Debt-equity Ratio



Debt-equity ratio stood at 1.17 in 2015-16 as against 1.13 in 2014-15.

Earnings Per Share (₹)



5 YEAR CAGR 37%

EPS stood at ₹ 89 in 2015-16 as against ₹ 48 in 2014-15.

MESSAGE FROM CEO

Dear Shareholders,

2015 marks a major milestone in our journey towards helping people live longer, healthier and happier. After a decade of pursuing excellence since inception in 2005, we are entering an era in which we have to aspire for the next orbit.

Figure in ₹

17,808mn

Standalone net turnover
(from ₹ 13,263 million in 2014-15)

"Our vision has led us to follow an unconventional path that we believe offers sustainable revenues and a competitive advantage which we will continue to grow."

There will be temporary roadblocks and headwinds, but I am optimistic about the long-term potential for our business. Over the years, we have built a certain scale and capabilities; a robust product pipeline across markets; and sound systems and processes. We are now poised for greater heights.

YEAR IN RETROSPECT

In 2015-16, we achieved ₹ 17,808 million of standalone net turnover, compared to 13,263 million in 2014-15. Besides, we reported ₹ 3,866 EBIDTA and ₹ 1,416 million net profit showing a growth of 61% and 92%, respectively. Over the past few years we have taken significant strides in emerging as a global pharmaceutical player, consistently registering growth across key performance metrics and financial competitiveness.

I am pleased to announce that the Board has recommended a dividend of ₹ 2 per share, on the eve of completion of 10 years journey of the Company.

Each of our core business segments, Generics – API, FDF, Ingredients and Synthesis delivered strong performances in 2015-16. By strengthening our regulatory capabilities and investing in R&D and product innovation, we have expanded our product portfolio and developed our pipeline.

THE NEXT ALTITUDE

Leveraging on its large manufacturing infrastructure for APIs, we extended from the manufacture of APIs to formulations business. We recognise the importance of our client's requirements to develop robust and compliant formulations.

Laurus is one of the world's leading suppliers of anti-retroviral APIs and intermediates; and we believe our low-cost technologies in this critical segment will help increase access to medicine for people in need throughout the world.

During the year, we partnered with a leading Company to develop Hepatitis C Franchise. Each of these steps is likely to improve the business mix, enhance revenues and add traction to the Company's momentum.

These expansions validate our cohesive model and facilitate greater value addition to global pharmaceutical companies. The on-going expansion and enhancement of the manufacturing capabilities reflects commitment to pursuing a strategic advantage through these capabilities.

We believe in supporting on-going research in planned and pre-defined segments in areas where we know we have leading core competence.

Laurus Labs is uniquely positioned in the pharmaceutical landscape. Our vision has led us to follow an unconventional path that we believe offers sustainable revenues; and a competitive advantage, which we will continue to grow.

Implementing concepts such as 'continuous process manufacturing' provide us with significant opportunity; and will enable us to lead the industry by a long shot.

Figure in ₹

3,866mn

EBITDA in 2015-16
(61% growth)

Figure in ₹

1,416mn

Net profit in 2015-16
(92% growth)

Our persistent focus on process innovation and manufacturing adeptness has resulted in a sustainable, competitive advantage. It has enabled us to become a market leader for our products and deliver value that others cannot match.

QUALITY FOR EVERYONE

In all facets of business, we have concentrated on retaining the highest standards of quality, to ensure that our products deliver the maximum potential benefits to patients. This feature has differentiated us from our competitors, which has resulted in strong product demand.

Our commitment to quality has truly been the cornerstone of our success. Quality, safety and compliance are deeply embedded in our culture; and these are all parts of a patient-centric business model.

We believe in 'One Quality Standard' for all patients worldwide; and have globally approved facilities to manufacture drugs for all markets.

BUSINESS STRATEGY

Ever since inception, we have always strengthened our innovative core to introduce new concepts, rather than competing aggressively in a hyper-competitive market. In other words, we believe in creating markets, rather than being a 'me-too' player. And this strategy generates significant value and brand recall in the long term.

Over the last few years, Laurus Labs has created an extensive intellectual asset base and a powerful research and development division. Our principal asset is our intellectual capital, which creates and sustains our brand leadership in the markets of our presence.

We expect several ANDAs and DMFs to be filed in the next year, which will strengthen our standing in the market place. In addition, our R&D team continues to work on methods that will gain greater efficiencies with our integrated approach as well as working with customers to ensure that we meet their requirements.

HUMAN QUOTIENT

Our Boardroom strategies are translated into viable business realities by our team. Therefore, we are only as good as our people. We have always invested in training and education of our employees to manage technology and complex business systems. Human resource development is a consistent endeavour; and we will continue to upgrade the capabilities of our people to reach the next altitude of growth.

MOVING FORWARD

Our emphasis will continue to be on efficiency and innovation, going forward. Laurus Labs is transforming at an unprecedented pace; and the scope and scale of the business is pushing us to the next frontier. In this journey towards greater value creation, I seek the cooperation and support of our customers, investors, employees, business partners and the wider community of stakeholders.

Sincerely,

Dr. C Satyanarayana
Chief Executive Officer

BUSINESS MODEL AND STRATEGY FOR GROWTH

Our business model is robust, resilient and attuned to creating long-term value for stakeholders.

Key Objectives

1 Delivering value to stakeholders

- To deliver sustainable growth in earnings from a diversified portfolio of products and geographies
- To achieve a strategic advantage through our production capabilities
- To achieve superior returns on investment for shareholders over the long-term

2 Providing high quality, affordable products

- To supply customers with high quality medicines at competitive prices
- To constantly increase and develop our offering to professionals and patients through a strong product pipeline

3 Responsible corporate citizenship

- To provide a safe, challenging and rewarding environment for our employees and people around us
- To practice good corporate citizenship

Strategy

KEY STRATEGIC PRIORITIES	COMMITMENTS	OUTCOME
Capitalising on portfolio opportunities	We are focusing on high value product launches tailored to market needs, training people and developing strong customer relationships	Strong revenue growth reflects improved profitability across business segments
Strengthening product portfolio	We are widening our product offering, while increasing our focus on differentiated products, by leveraging in-house R&D and developing external partnerships	Access to high quality, affordable medicines and products provide improved healthcare
Maintaining high quality and effective manufacturing facilities to boost profitability	We are constantly investing in high quality manufacturing facilities to improve the efficiency of processes, while retaining overhead costs	A record of sustained growth
Investing for growth	We are investing to expand our product portfolio, technological capabilities, and manufacturing capacity, through capital investment and other initiatives	Diverse product portfolio and geographies lead to risk mitigation
Developing a highly skilled and effective workforce	We are continuously investing in the training and development of our people; and hiring proficient personnel to support future growth plans	Ensure a good level of employee retention
Ensuring sustainable long-term growth	We are constantly developing our product portfolio to address changing patient needs	Mutually beneficial relationships with stakeholders

SHARPER FOCUS

FOR A HIGHER ORBIT

Shifting to a higher orbit for us means sharpening focus. Not just to seek opportunities, but to align them with our deep competencies.

18

New Products Commercialised

At Laurus, we are helping multiple clients, involved in new drug development across the world including the US and the EU. We are using our innovative, robust and scalable chemistry to provide NCE services and solutions across all stages of drug lifecycle.

We are developing and manufacturing pure, well characterised and speciality ingredients through our innovative and patented technologies. Such ingredients find their use in nutraceutical, dietary supplements and cosmeceutical products.

Presence across the value chain

Over a period of time, we have developed our ability to cater to various customer requirements – right from discovery and development to post-commercialisation and lifecycle management – from a few grams to multi-tonne consignments.

Our progression towards formulation represents a 'win-win' for us, as well as our customers. It also provides us with a sustainable revenue model, while allowing our clients to focus on market expansion and branding.

Product focus

We select to manufacture only those products that allow us to leverage our deep chemistry competencies; and address large growing therapeutic spaces that enhance patient life. We have entered into oncology (marked by improvements in early recognition, coupled with increasingly affordable treatment) as well as anti-retroviral and cardiovascular spaces (marked by chronic medicine use).

During the year, three products were launched for Hepatitis C and the franchise brought significant business growth and long-term opportunity. This included equal profit sharing on formulation sales with a major formulation company, having both domestic and overseas marketing capabilities.

Besides, we are also developing four products for FTF and Paragraph IV opportunities, apart from new products in anti-diabetic segment. Several opportunities in contract manufacturing were also realised during this year.

Cost-effective model

With enhanced quality and manufacturing methodologies, we have identified alternative processes and raw material sources to emerge as a cost-efficient producer of APIs.

Right ecosystem

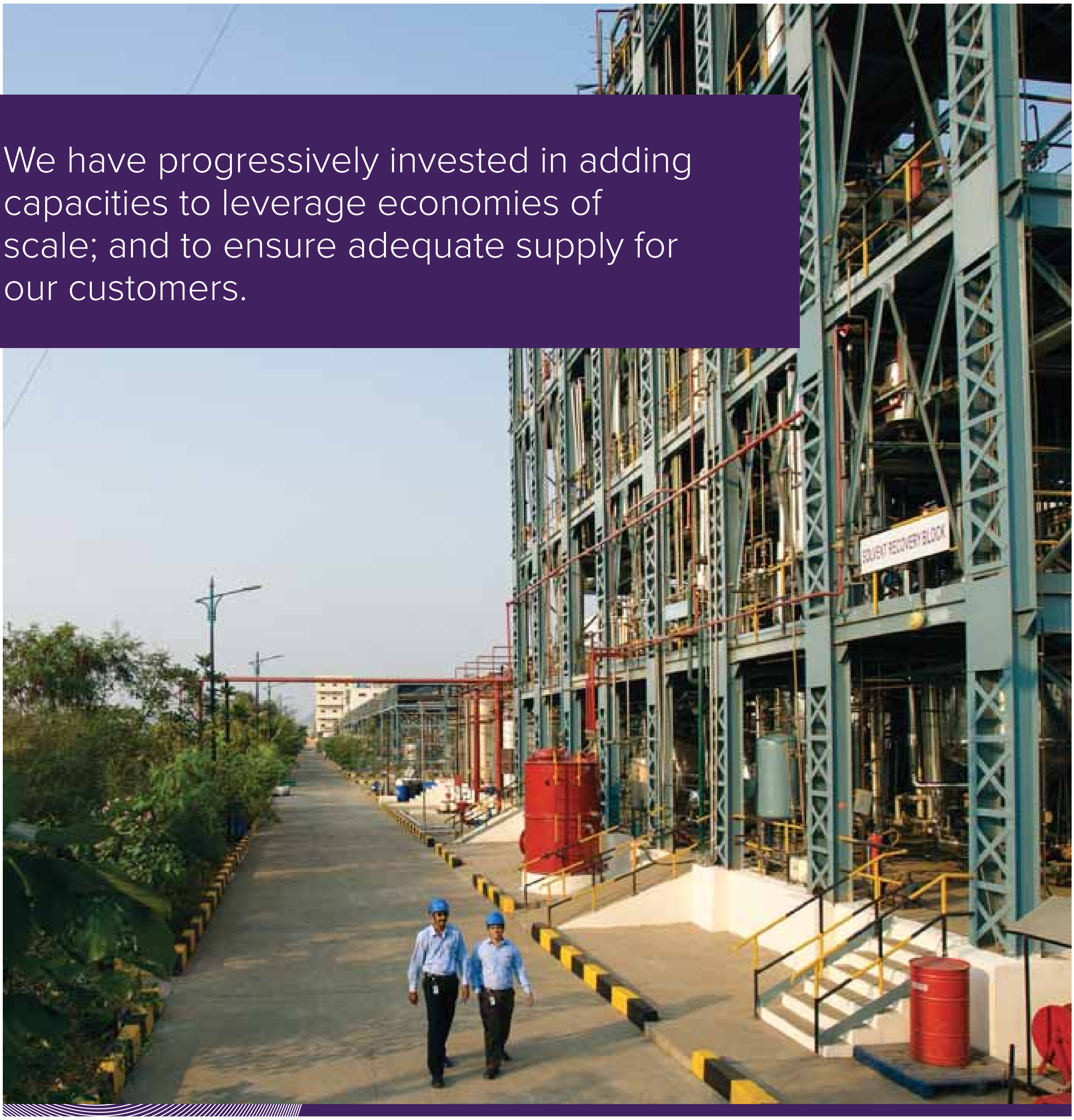
Our investments in IT are turning out to be a key differentiator in our attempt to enrich lives. Our IT infrastructure, systems and processes have been improved, aligned with industry best practices. This will subsequently support our growing businesses as well as the ever-increasing workforce across geographies. During the year, we introduced initiatives like E-batch records and E-notebooks, among others for better document management by initiating LIMS.

130+

Patents Filed

ROBUST SCALE
FOR A HIGHER ORBIT

We have progressively invested in adding capacities to leverage economies of scale; and to ensure adequate supply for our customers.



We offer R&D services on a global scale with a specialisation in development processes that are truly scalable to commercialisation. The R&D Centre is located near Hyderabad in IKP Knowledge Park, spread across a 10-acre campus.

We offer technical and manufacturing excellence across the globe. We are outsourcing partners for the global pharmaceutical industry, offering innovative development and long-term commercial supply. Our focus on process innovation helps us leverage our scale, which subsequently drives value for our customers.

Our modern equipment at our R&D centres help reduce process time and cost of production, while simultaneously developing new products. Our manufacturing capacity reached a total of 1,830KL at the end of March 2016.

Oral Solid Dosage Block

- Located at 45 acre campus in SEZ in Visakhapatnam, India
- Pilot plant with 1 billion tablet/year capacity, which will be expanded to 4 billion doses over time, with an investment of $50 million
- Highly versatile plant build to accommodate different product types
- 3 granulation line with batch sizes from 5kg to 480kg
- Bottle and blister packing lines
- Number of empty rooms for quick expansion

Metformin API Block

- Located at the same campus in SEZ in Visakhapatnam, along with FDF facility
- Dedicated Metformin block
- 12 reactors with total reactor capacity of 84KL
- Meticulously chosen equipment at every stage to deliver superior quality and high volumes
- Ample room for further expansion

Our plants are periodically audited by some of the most stringent regulatory agencies from the world over - FDA (USA), WHO (Geneva), EU (GMP), MHRA (UK), TGA (Australia) and the Research and Development Centre is recognised by FDA (USA), TGA (Australia) and FDA (Korea).

Going ahead, we will strengthen scale, enrich our product basket and service the critical requirements of a global client base.

UNIFORM QUALITY

FOR A HIGHER ORBIT

‘One Quality for all Markets’ is our global strategy. We have introduced robust quality assurance architecture across our manufacturing sites, encompassing all areas of business processes – right from supply chain to product delivery. This ensures consistent quality, efficiency and product safety.

Regular audit programmes help us deliver consistent quality. Any activity or aspect that directly or indirectly impacts the quality of products and compliance levels is controlled through standard operating procedures. Unit 3 manufacturing facility received FDA approval in April 2015, while the new formulation facility (Unit 2) was inspected by German authorities in December 2015 and approval obtained in March 2016.

Quality Policy

Laurus labs is committed to maintain the best quality standards in research and development, contract services and manufacturing of pharmaceutical products through periodic reviews; and continual improvement of the quality management system. It strives to enhance customer satisfaction through delivering quality products.

We have established a well-defined validation and qualification structure to ensure that systems, facilities and processes are designed and developed in line with the needs of customers. Simultaneously, they must comply with regulatory requirements.

Quality risk management procedures are established and followed for internal audits, quality failures and for corrective and preventive actions - CAPA. We have also established procedures and systems to train our employees with respect to regulatory guidance, new developments and internal procedures.

We are persistent in stepping up our quality systems across our research and manufacturing facilities. This is to ensure that our products, processes and infrastructure are in line with international standards.

ENDURING RELATIONSHIPS

FOR A HIGHER ORBIT

Treating more than

40%

of patients in ATM (access to medicine) Markets

We nurture relationships at Laurus Labs. We partner with all stakeholders to deepen our knowledge base, access more markets, leverage our knowledge base and grow sustainably.

Our partnership approach enables us to shift the conversation from solely focusing on price to other components, including quality, service levels and trustworthiness.

Our logistics skills, efficient decision-making, wider domain knowledge, on-time delivery and dissemination of accurate information to clients help retain their faith in us. Around 68% of revenues come from top five customers.

Customers & Partners
Through regular communication, we analyse how we can best serve the needs of our customers and partners. Their evolving aspirations encourage us to try harder, think faster, reach farther and aim higher.

Investors
We engage with our investors to gather their perspectives and bolster our performance. Over the years, investor insights have played a significant role in our overall growth ambitions. We have marquee investors on board which vindicate the strength of our business model, execution and also reflect investor confidence in our governance standards, transparency and organisational performance.

Employees
We encourage our team to question status quo, usher in innovative ideas and pave the way for meaningful change.

EMPOWERED TEAM

FOR A HIGHER ORBIT

We implement sound HR strategies to build a pool of talent that can drive business performance and produce better outcomes.

2,200+

Team members as on March 31, 2016

45+

PhD degree holders in the team

25+

Years of experience of the top management

32+

Average age of employees as on March 31, 2016

Training Initiatives

We believe that customised learning initiatives are necessary to ensure sustainable development. Such a strategy would help us improve processes, build capabilities, manage relationships and drive cost-effectiveness. We train our people to increase the level of operational excellence, improve productivity and maintain compliance standards on quality and safety.

Safety Mantra

We consider 'safety' as a priority. We ensure safe working conditions for our employees and other stakeholders. Besides, we promote on-going training for our people and provide them with technological resources and other materials required to control inherent business risks. These programmes are organised for the entire production, maintenance, warehouse and QC teams.

Employee Engagement Programs

- Conducted 2 days program "Summer Camp" filled with lot of fun and education for employee's children during summer in order to nurture the talent capabilities invoking the creativity in them.
- Conducted annual sports and annual family day celebrations at Hyderabad and Vizag
- Conducted one day program on parenting and cooking classes for the wives of our employees on the eve of Women's day, March 8, 2016

ESOP Scheme

- The Company reserved 790,000 ESOP grants @ ₹ 10 each consisting of 4.59% of capital in 2008 and majority of them have been converted into shares on exercise of vesting rights by the Laureates
- During this year, the Company reserved 300,000 additional ESOP grants consisting of 1.20% of diluted capital at a discounted value of FMV on the date of grant. Total employees covered under this scheme are 224. This will enable the Company to retain employees in the Company
- Apart from the above, Laurus Employees Trust hold 206,750 shares, 0.83% of diluted capital of the Company

COMMUNITY INITIATIVES

To us, inclusive growth is not a destination but a journey. And, we aim to contribute towards the society's holistic development through the progressive engagement of all stakeholders.




We undertake community initiatives in the realms of education, healthcare and the environment, especially in areas where we operate.

LIST OF ACTIVITIES COVERED UNDER CSR FOR 2015-16

- Distribution of Ganesh idols made of clay to promote go green during Ganesh puja
- Donation for Chennai Relief fund to Environmentalist Foundation of India.
- CSR Promotion for ISB Program
- Renovation of Government building at Gajuwaka
- Stipend for Gitam University Students
- Stipend for Krishna University Students
- Sponsored to BITS, Hyderabad for conducting 2 day long events for 600 kids from different orphanges
- Street Lights at Munnaluru and Kanchikacherla villages
- Sponsored to Swarna Bharat Trust towards spending on the Rural development projects and promoting education, employment enhancing vocation skills
- Green Plantation

RISK MANAGEMENT

At Laurus Labs, we have a strong risk management structure in place that enables regular checking of business operations. This helps us to identify, evaluate and mitigate the 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.

NATURE OF RISK	DEFINITION AND IMPACT	MITIGATING FACTORS
Competition Risk	Competition from domestic, as well as international markets could affect market presence	▪ 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
Regulatory Risk	Inability to receive necessary regulatory approvals for manufacturing facilities, could affect business operations	▪ Stringent review systems to ensure compliance with the statutory guidelines and norms of the pharmaceuticals industry ▪ Several regulatory audits completed without major observations
Innovation Risk	Lack of niche products and processes may negatively affect growth rate	▪ Strong R&D capabilities ▪ Proven track record in filing, approval and commercialisation of niche products and processes ▪ Robust pipeline of products and processes under development ▪ Strong chemistry knowledge, efficient process optimisation and niche product portfolio have resulted in widespread global presence and market leadership

NATURE OF RISK	DEFINITION AND IMPACT	MITIGATING FACTORS
Operating Risk	Inability to manage vendor-cum-customer relationships could impact revenues	▪ Laurus Labs has strong vendor and customer relationships, leading to organisational stability and predictability, despite stringent business environment ▪ Enjoy enduring relationships with major global and Indian pharma majors, ensuring revenue visibility ▪ Efficient review mechanism to enhance operational efficiency
Capacity Planning and Optimisation	Inadequate capacity could threaten the capability to meet customer demands, subsequently affecting margins	▪ The business team frequently monitors all product trends to ensure adequate capacity and meet the demand ▪ Robust processes are in place to continuously examine plant capacities ▪ Drive improvements associated with manufacturing practices, such as preventive maintenance schedules, alterations to plant designs in case of frequent breakdown ▪ Project management processes are aligned with business goals

BOARD OF DIRECTORS

1 Dr. Satyanarayana Chava
Chief Executive Officer

Dr. Satyanarayana Chava is Lauras Lab's Founder & Chief Executive Officer (CEO), and he spearheads the Company in this role. He has over three decades of experience in the pharmaceutical industry, especially in the domains of R&D, manufacturing and business development. Under his able leadership the Company has grown exponentially both in the national and international arena.

Having generated multiple breakthroughs in API process development, he has developed a significant knowledge bank in terms of intellectual property-related matters in the pharmaceutical space. Dr. Chava has over 100 patents in his name.

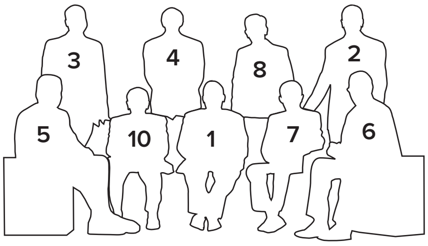
2 Dr. Srihari Raju Kalidindi
Executive Director

Dr. Srihari Raju Kalidindi is Executive Director at Laurus Labs since 2006. He has over three decades of experience in the pharmaceutical industry in various areas including R&D, Operations and business development. He is currently heading Generics API division and he is one of the core members of the senior team who played major role for Company's significant growth in short period of time.

He worked for a couple of years in the US and for 11 years with Mayne Pharma in Australia. During this assignment he held several senior technical and commercial roles before bidding adieu in March 2006. Dr. Raju has a number of patents and research publications to his credit.

3 Mr. V V Ravi Kumar
Executive Director

Mr. V V Ravi Kumar is Executive Director at Laurus Labs since 2006. He has over 27 years of experience in finance, IT and supply chain field. With rich professional experience in pharma industry, he has got significant knowledge in dealing with mergers and acquisitions and joint venture management in the global context. He has been instrumental in formulating and executing the core strategy that has helped Laurus Labs emerge as a global pharmaceutical major. He was also a part of the senior management that transformed M/s Matrix Laboratories into a major pharmaceutical company.



4 Mr. Francis Jackson Wright
Director

Mr. Francis Jackson Wright has over 38 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 Glaxo Welcome in procurement, outsourcing and as a site director of several API manufacturing facilities.

5 Mr. Rajesh Kumar Dugar
Director

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 investing 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
Director

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 Colombia 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
Director

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 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
Director

Mr. Narendra Ostawal is Managing Director at Warburg Pincus LLC, India. He focuses on his investment activities in India. Mr. Ostawal joined Warburg Pincus in 2007 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 form 2002-2006. Mr. Ostawal is a CA and has pursued his PGDBM from IIM Bangalore.

9 Mr. Conner Town Mulvee
Director

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
Independent Director

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 include statutory audit, internal and management audits, evaluation and strengthening of control systems. He also takes care of 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. He spent his entire career of 40 years at PriceWaterhouseCoopers in both UK and India.

MANAGEMENT TEAM

1 Dr. G S R Anjaneyulu
Executive Vice President - Supply Chain Management

Dr. G S R Anjaneyulu has 30 years of research experience, of which 25 years is in pharmaceutical industry. Dr. Anjaneyulu, also a member of the American Chemical Society, has over 120 patents/ innovations and about 20 scientific journal articles to his name. Previously, he was associate vice president, R&D, at Matrix Laboratories handling the API research and developmental activities, along with intellectual property management. Prior to that, he handled process development, scale-up and technology transfer of drug substances of many therapeutic categories, fine chemicals, intermediates in various organisations like Ranbaxy Laboratories and Suven Pharmaceuticals, among others.

2 Dr. Lakshman Chunduru
Senior Vice President, Quality

Dr. Lakshman Chunduru has 23 years of R&D experience. An expert in analytical development, he developed HPLC methods for several APIs and drug products. He has validated several HPLC methods for assay and related substances for anti-cancer drugs. Previously, Dr. Chunduru was development specialist at Mayne Pharma, Australia.

3 Mr. M Bhaskaraiah
Senior Vice President, Supply Chain Management

Mr. M Bhaskaraiah has 20 years of experience in the pharma industry. Being a chemical engineer, he has dealt with functions such as project management, manufacturing, production planning and supply chain management. Prior to this, he had been with Matrix Laboratories, Ranbaxy and Aurobindo Pharma.

4 Mr. S Srinivasa Rao
Senior Vice President, Manufacturing

Mr. S Srinivasa Rao heads the manufacturing activity at the Company's Vizag facility. A post graduate in chemistry, he has 24 years of experience in the pharma industry. He was previously with Dr Reddy's, Aurobindo Pharma and Matrix Laboratories. His forte lies in production planning, coordination and execution.

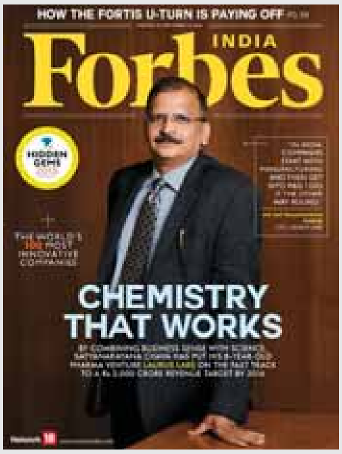
5 Mr. Martyn Oliver James Peck
Senior Vice President, Business Development

Mr. Martyn Oliver James Peck leads business development activities within the Generics Business Unit. With over 20 years of experience within the pharmaceutical industry across a wide variety of roles, including sourcing, purchasing, sales and market intelligence, he was previously Global Head of API Sourcing for Mayne Pharma before joining Laurus in India. The experience gained in these complimentary activities, linked to a BSc in Biological & Medicinal Chemistry, provides a unique insight when approaching clients.

6 Mr. Chandrakanth Chereddi
Senior Vice President, Laurus Synthesis

Mr. Chandrakanth Chereddi heads the Company's synthesis division. Besides, he also leads the development of the Company's growth and risk-mitigation strategies. Prior to his current assignment at Laurus Labs, Mr. Chereddi headed the project management division for all scientific projects at the Company's R&D centre. Before joining Laurus, he worked for McKinsey & Company in its India office as a member of the healthcare practice. There he advised major generic pharmaceutical companies in areas related to marketing & sales, international growth and supply chain efficiencies. Earlier to his stint at McKinsey, Mr. Chereddi worked for Google Inc. as a software engineer in Google's Mountain View, CA office.

AWARDS AND RECOGNITION



Appeared on the cover page of Forbes India magazine as one of 13 hidden gems

Won The Silver Certificate of Merit in The Economic Times Manufacturing Excellence Awards 2015 for the third time in a row

Laurus Labs received Best Virtualized App Delivery Implementation award from Citrix

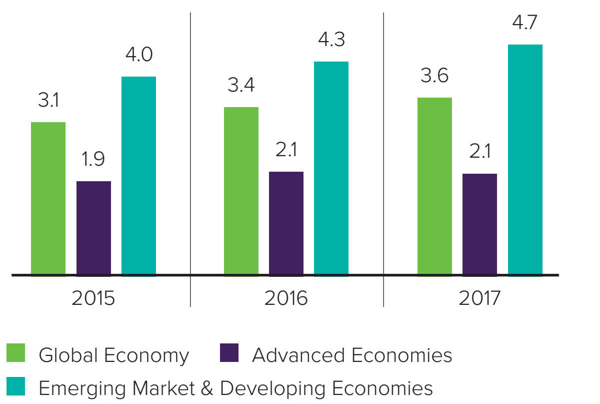
MANAGEMENT DISCUSSION & ANALYSIS

Economy

GLOBAL ECONOMY

In 2015, global economic activity remained subdued. Growth in emerging market and developing economies declined, while a modest recovery sustained in advanced economies. Global growth, currently estimated at 3.1% in 2015, is projected to grow at 3.4% in 2016 and 3.6% in 2017. Oil prices continued to decline in 2015-16, as the over-supply situation continued in global oil markets. This has strained the fiscal positions of fuel exporters, while supporting importers, especially in advanced countries. Japan's economy is struggling for growth against diverse structural headwinds, including a declining and ageing population, weakening productivity, low return on capital, and high debt levels. The European Central Bank's QE programme continues to ease financial conditions through lower bank-lending rates for households and companies. This measure is gradually beginning to encourage credit growth.

Future Growth Rates for Various Economies (%)

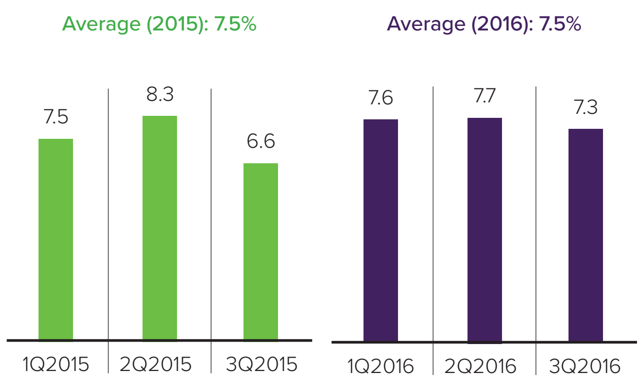


Source: International Monetary Fund (IMF)

INDIAN ECONOMY

According to International Monetary Fund (IMF), India is expected to grow by a robust 7.3% in 2016 and 7.5% in 2017. Amidst continuing global headwinds and recent fall in oil prices, India remains one of the best-performing economies. Inflation, fiscal deficit and current account balance have exhibited distinct signs of improvement. Continuing fiscal consolidation has reduced the Government of India's fiscal deficit to close to 4% of GDP (on a 12-month rolling basis). It is substantially less, compared to a peak of 7.6% in 2009. Indian economy exhibited significant resilience in maintaining growth during a time of subsiding global demand, falling commodity prices and weakening growth in emerging economies. India has accelerated its economic fundamentals with the combined impact of robust government reforms, favourable commodity prices and an encouraging macroeconomic environment.

GDP Growth (2011-12 base) (Y-o-Y, %)



Source: 'Press Note on Provisions Estimates of Annual National Income, 2015-16 and Quarterly Estimates of GDP for the third quarter, 2015-16,' Ministry of Statistics and Programme Implementation, GoI, accessed as on February 8, 2016.

Pharmaceutical Sector Overview

GLOBAL

The volume of medicines used globally is expected to reach 4.5 trillion doses by 2020, up 24% from 2015. While developed markets will continue to use more original branded and speciality medicines, pharmerging markets will rely on more non-original brands, generics and over-the-counter medicines. Global spending on medicines will reach $1.4 trillion by 2020, registering 29-32% from 2015. Spending growth will be driven by branded drugs primarily in developed markets and increased usage in pharmerging markets, while being offset by patent expiries. In 2020, the US, EU5, and Japan will have important differences in spending and growth dynamics from today. Speciality therapies will continue to be more expensive in developed markets as against pharmerging markets. Besides, various traditional medicines will be used in developed markets compared to pharmerging markets.

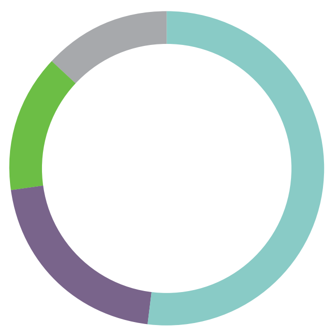
The world's total consumption in sales of pharmaceutical products has displayed strong growth. This trend is expected to continue its growth with expanding populations in emerging markets. The focus on maintaining higher healthcare standards and greater emphasis on illness prevention have accelerated the significance of pharmaceuticals among consumers, subsequently driving sales. The primary factors driving the global pharmaceutical industry's growth include the rise of new product lines, opportunities for various CNS disorders and oncology research. Besides, continuing commercialisation of latent compounds and the role of bio-similars are also contributing to the industry's growth.

Global spending on medicines will reach $1.4 trillion by 2020, registering 29-32% from 2015.

Medicine Spending in 2020 US$ by Geography, Product Type and Disease Area

Country

Product Type



Disease Area

Source: IMS Health, Market Prognosis, September 2015; IMS Institute for Healthcare Informatics, October 2015

INDIA

India pharma industry has grown over 15% annually in the last decade and is expected to continue to grow at the same rate for the next five years. The country is expected to rank among the top 10 markets globally by 2020 in value terms. In India, about 70% of the industry revenue comes from generics, 21% from over-the-counter drugs and the rest from patented drugs. Indian pharmaceuticals market is the third-largest in terms of volume and 13th largest in terms of value. India's exports are expected to account for 72% of the total pharma production and reach a value of $40 billion by 2020. (**Source:** UBM India)

Factors influencing the industry's growth

1. **The Growing Indian Economy** - India's GDP growth stood at 7.3% at the end of 2015 and is expected to rise to as high as 7.6% in 2016. India has reinstated its macro-economic as well as financial stability, and has taken essential measures to narrow external and fiscal imbalances.

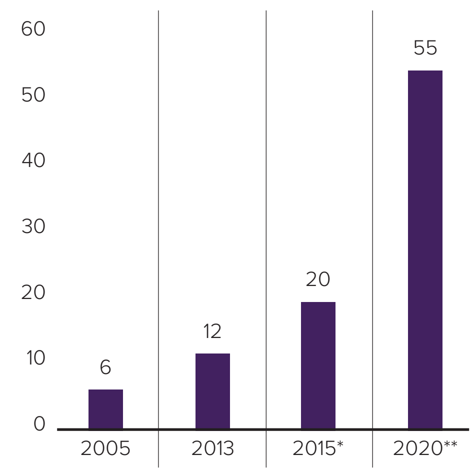
2. **Increase in domestic demand** - Over half of India's population does not have access to advanced medical services, while they generally depend on traditional medicine practices. However, the demand for advanced medical treatment is expected to rise owing to the increase

Getting Better

(in $ billion)

Revenue Potential

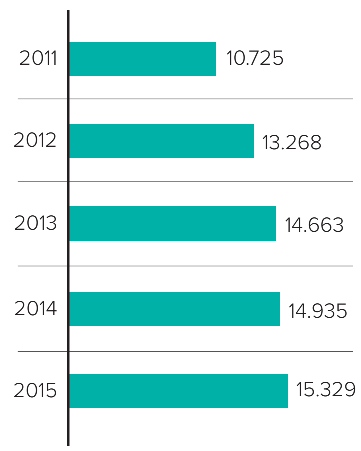
Revenue of pharma sector in India



* estimated ** forecast

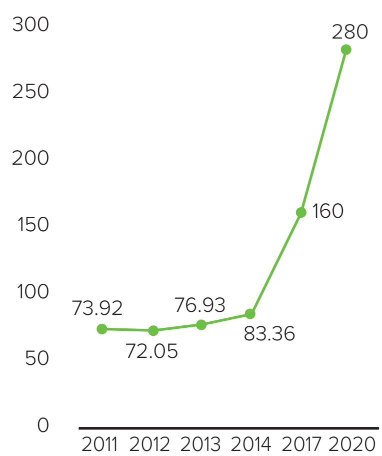
Export Growth

India's pharamaceutical exports in the past five years



Market Expansion

Healthcare market in India



Source: 1st Chart - PwC, McKinsey, TechSci Research, 2nd Chart – Pharmexcil, 3rd Chart – KPMG in India Analysis 2015 in awareness levels, rising per capita income, change in lifestyle due to urbanisation and increase in literacy levels.. Moreover, growth in the middle-class population would further influence the demand for pharmaceutical products.

3. **Rise in outsourcing activities** - Increase in the outsourcing business to India is one of the most significant factors contributing to the Indian pharmaceutical industry's growth. Some features that are likely to influence India's clinical data management and bio-statistics markets in the near future include: 1) cost-efficient research, compared to other countries 2) highly-skilled labour force 3) low cost for skilled labour 4) presence in end-to-end solutions across the drug-development cycle and 5) robust growth in the IT industry.

4. **Growth in healthcare financing products** - Indian financial industry's development has improved healthcare financing with the introduction of various products, including health insurance policy, life insurance policy and cashless claims. This has resulted in an increase in healthcare spending, which has subsequently promoted the pharmaceutical industry.

5. **Demand from emerging segments** - Some of the emerging segments such as contract research and development, bio-pharma, clinical trials, bio-generics, medical tourism and pharma packaging are also expected to drive the Indian pharmaceutical industry's growth.

Outlook

The overall growth outlook for the Indian drugs and pharmaceutical industry appears positive. The rise in demand for generic products is likely to benefit pharma manufacturers. Besides, India's epidemiological profile is changing; therefore, the demand for drugs to address cardio-vascular problems, central nervous system disorders and other chronic diseases is expected to increase. Strong GDP growth and significant cost advantage have resulted in the Indian pharmaceutical industry's remarkable growth. Involvement of Indian pharma companies in the international pharmaceutical market has improved. With more generic products being introduced in developed economies, Indian formulation and bulk drug exports have grown significantly. Also, increasing cost pressures on innovators has resulted in significant growth in contract research business. India signifies a promising potential market for global pharmaceutical manufacturers.

AFRICA

According to IMS Health, pharmaceutical spending in Africa is expected to reach $30 billion by 2016, driven by a 10.6% annual growth rate. It is second only to Asia and in line with Latin America. Non-communicable diseases such as cardiovascular disease and diabetes are projected to rise to 60% of illnesses in Africa by 2020. Africa's pharmaceutical market has seen the benefits of the expanding economy; and with improved government investments in healthcare, the industry is expected to witness a continual period of expansion over the next few years.

Key growth drivers

Urbanisation - Africa's population is undergoing a considerable shift. By 2025, two-fifths of economic growth will come from 30 cities of two million people or more; 22 of these cities will have GDP in excess of $20 billion. Factors like better logistics infrastructures and healthcare capabilities will drive the pharmaceutical industry's growth in cities. Besides, urban households have more purchasing power and are faster to adopt modern medicines.

Healthcare capacity - Healthcare provision in Africa is becoming more effective through various initiatives. Mozambique's switch to specialist nurse anaesthetists and South Africa's use of nurses to initiate antiretroviral drug therapy are such factors contributing to strengthen Africa's healthcare capacity. Besides, the introduction of innovative delivery models is also playing a crucial role in enhancing the capacity.

Government initiatives - The government has introduced a host of initiatives to create a supportive environment for business. First, it has initiated price controls and import restrictions to encourage domestic drug manufacture. Second, country-specific labeling has been made necessary to reduce counterfeiting and parallel imports. Finally, the government has also tightened laws on import, wholesale, and retail margins.

Pharmacy chains are consolidating, horizontal and vertical integration is on the rise, and manufacturing is expanding. A spurt of mergers and acquisitions, joint ventures, strategic alliances, partnerships, and private-equity deals are also contributing to the expansion of Africa's markets.

CRAMS Industry

GLOBAL

Advanced clinical developmental programmes and the demand for new pharmaceutical products across the globe are driving the demand for contract research organisations (CROs). The research and development of pharmaceutical products typically need around 15 years. Vendors are outsourcing preclinical and other drug development phases to CROs to reduce the spending on R&D. This initiative is also helping minimise the time required for product marketing and put more focus on other operative activities. Moreover, the high failure rate of clinical trials is also expected to increase the demand for CROs by pharmaceutical and biopharmaceutical vendors to outsource their R&D.

The industry has witnessed the rise in strategic alliances, acquisitions and joint ventures among vendors in the CRO market. These strategic initiatives are envisioned at extending

service offerings and geographical presence globally. Emerging countries in Asia Pacific, Latin America and Eastern Europe account for the majority of outsourcing activities. This is owing to easy access to large pools of treatment naive patients, low labour and manufacturing costs, and a skilled medical workforce.

INDIA

The Indian CRAMS industry is estimated to touch $18 billion in 2018 while it is expected to register a strong growth rate of 18-20% CAGR. Factors like patent cliff, encouraging currency and focus on new product development would accelerate the growth for CRAMS players. Besides, patented drugs, worth nearly $85 billion in potential annual sales in the US, are expected to go off patent between 2014 and 2020. Subsequently, this is likely to improve the prospects of Indian contract manufacturing segment (CMS) companies.
(**Source:** Care Ratings)

Globally, Indian CRAMS companies are the most favoured players due to their dedicated product mix towards high-end research services and cost -efficient biologics and complex technology services. Besides, India offers an abundant pool of professionals in the area of drug development and research chemistry, with a large number of pharmacists and chemistry post graduates succeeding every year. According to the Government of India, the country is expected to become one of the top five pharmaceutical innovation hubs by 2020. Moreover, one of every five to ten drugs would be discovered in India.

Generics Industry

GLOBAL

The generics industry has developed significantly over the past decade and represents an integral element of the broader prescription pharmaceutical market. It is the largest contributor in terms of revenue in Latin America. Besides, the pharmerging markets reported growth backed by rise in sale of non-branded medicine and generics (almost 83% of the total spending). Going ahead, the demand for cost-efficient generics will continue to grow in Asia, including India and Pakistan. Increasing efforts to broaden the access to basic health insurance is expected to support this growth.

The US is the largest, and one of the most established generics markets. The price destruction post patent expiration is also among the highest in the US, revealing the extent of competitive pressures. With ~$100 billion worth patent expiries over the next five years, generic business has a huge growth potential. Besides, the US government has initiated some transformations to reduce healthcare spending and cater to a larger portion of population under public healthcare. These initiatives are likely to provide a thrust to growth in the generics market.

INDIA

Assocham and RNCOS conducted a joint study 'Generic Medicines in India - Promulgating Growth & Access,' to analyse the domestic generic market's future. According to the study, India's generic drug market is expected to cross $27.9 billion from current level of $13.1 billion, registering about 16.3% CAGR by 2020. Generics would account for 85% share in the domestic pharma market by 2020. This growth will be fuelled by cheap labour, patent cliff of blockbuster drugs and increase in lifestyle diseases.

Currently, generic drugs account for 75% of the domestic pharmaceutical market by value. The global market is dominated by drugs for cholesterol control, pain management, anticoagulant complications, respiratory problems, liver disorders, depression and lipid regulators. Though, the trend of prescribing branded drugs by physicians and lack of drug pricing control laws have limited the consumption of unbranded generics in the domestic market. The Government of India's key initiatives including price control policies and the revision of Jan Aushadhi campaign are likely to deepen penetration of unbranded drugs.

The US, Europe, China, Japan and Africa, among others are the major markets for India's pharmaceutical products. The US is the single largest export destination. It accounts for nearly 28% of Indian pharmaceutical exports, followed by the European Union (18%) and Africa (17%). The pharma exports to the US market are high due to a large number of approvals from the USFDA. India has been the third-largest exporter of drugs to the US market in terms of volume. It has 370 FDA-approved manufacturing facilities outside the US, which is the second largest in the world. (**Source:** Assocham)

Nutraceuticals Industry

GLOBAL

According to a study published by Transparency Market Research, the global nutraceuticals market stood at $182.60 billion as of 2015. Moreover, it is expected to touch $278.96 billion by 2021, registering 7.3% CAGR. The global nutraceuticals market has shown steady growth during the past few years. This global trend is expected to continue owing to increasing consumer spending on nutritious and healthy functional food, beverages, as well as dietary supplements.

The demand for nutraceuticals is projected to remain steady in North America, driven by robust demand from the US and Canada. Asia Pacific region is the second-largest market for nutraceuticals. In this region, the demand for functional food and dietary supplements is projected to maintain its growth pace. High consumption of vitamins, herbal, and minerals-based dietary supplements will support the trend. While Europe, France and Germany exhibit the strongest demand for nutraceuticals, companies regard Spain and the UK as the best test markets for innovative products. Increasing health-consciousness among European consumers is helping companies strengthen their position in the European nutraceuticals market. With increasing superiority among nutraceuticals, consumer demand for products with definite health benefits is on the rise.

INDIA

India's nutraceuticals market is expected to witness active growth owing to rising awareness about health, fitness and changing lifestyle. The country's nutraceuticals market is likely to touch $6.1 billion by 2020 from the current level of $2.8 billion, growing at a CAGR of 17%. India accounts for around 1.5% of the global market. It is anticipated to increase due to the country's large population base, increasing urban belt as well as health awareness. (**Source:** Assocham)

Nutraceuticals, herbal and functional foods in India are covered under the definition of food as per Section 22 of Food Safety & Standards Act, 2006. These food products have been categorised as non-standardised/special food products. Currently, India does not have any kind of regulatory guidelines for the approval or monitoring of products under this segment. In the absence of regulations, the products a considerable amount of time to reach the market. Therefore, it is important to give faster approvals for eligible nutraceuticals to achieve industry growth.

The nutraceuticals market penetration in urban India is around 22.5%, while it is close to 6% in rural India due to the lack of awareness. It is necessary that both private players and the government create awareness about the health benefits of nutraceuticals among masses and eliminate counterfeit and unregistered players from the market. Also, the government should provide special incentives and subsidies to companies to support the nutraceuticals market's steady growth in India.

Industry Drivers

- Ageing population
- Increasing co-prescription: A multivitamin product is prescribed in most of the prescriptions
- Focus on preventive healthcare: Consumers have started realising the importance of nutraceuticals in dealing with health issues
- Rapid retail growth

Road Ahead

- Food Safety and Standards Authority of India (FSSAI) should come up with properly framed guidelines to bring clarity in regulations
- Private players, as well as the government should create awareness through campaigns, social media and television
- Product approvals should be made fast and efficient
- To curb malnutrition, children should be provided with nutraceuticals in mid-day meal
- Strong control over counterfeit and unregistered/unapproved products is required
- Focus on improving the number of food safety testing laboratories and training centres
- Funding, incentives and subsidies should be provided to support technology uptake and improve R&D

Company Overview

Laurus Labs is a leading manufacturer of Active Pharmaceutical Ingredients (API) for anti-retroviral, oncology, cardio vascular, diabetic and hypertension, nutraceutical and several other products. Its customer base spans top-tier generic pharmaceutical companies in India and abroad. Besides the API business, the Company also has a fast growing contract research and manufacturing business offering. This business wing caters to several marquee innovation-driven, global pharmaceutical companies.

Laurus Labs has assisted several client organisations involved in new drug development across the world including the US and the EU. Making the use of its core strengths of innovative, robust and scalable chemistry, the Company is providing solutions across all stages of drug lifecycle – right from route identification, CMC data generation through to GMP manufacture.

Competitive Advantages

- Integrated across the value chain
- Strong chemistry capabilities
- Close proximity to clients with global presence
- Large-scale multi-purpose manufacturing capacities with Asian cost-base

BUSINESS SEGMENTS

Generics – API

Laurus Labs is a global leader in manufacturing several generics. We have developed an in-house range of APIs and related intermediaries, offering a diverse portfolio of products to its customers. We work closely with leading innovators, global health organisations and providers to ensure cost reduction targets are achieved without making any compromise on quality.

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. We have a diverse product portfolio across different therapy areas.

Ingredients

We have been one of the frontrunners in developing and manufacturing pure and well characterised speciality ingredients in nutraceutical / dietary supplements and cosmeceutical product segments. Our primary strength lies in the development of alternate and cost-efficient synthetic routes for typically naturally-derived nutraceutical products.

Synthesis

We are uniquely positioned to cater to customer needs at any stage of the product lifecycle. We offer support to three broad service segments, including drug substance, analytical development and product development. We have our presence in the US through Laurus Synthesis Inc. with over 100 scientists to provide process chemistry services to the US-based clients.

Financial Review

SNAPSHOT

(₹ Million)

Year	2015-16	2014-15	Growth (%)
Net Sales	17,808	13,263	34
EBIDTA	3,866	2,395	61
PBT	1,751	720	143
PAT	1,416	736	92

SEGMENT BREAKUP

(₹ Million)

Revenue	2015-16	2014-15
Generics – API	16,517	12,534
Generics – FDF	20	-
Ingredients	465	255
Synthesis	807	475
Total	**17,808**	**13,263**

Revenue: We registered a 34% growth, taking our total income from ₹ 13,263 million in 2014-15 to ₹ 17,808 million during the year under review.

Net profit: Our net profit rose by 92% to reach ₹ 1,416 million in 2015-16 with improved interest margins and high capacity utilisation.

Margins: Our business margins jumped due to the increasing contribution of niche products to our Company's topline. The EBIDTA and net margins stood at 22% and 8% , respectively, in 2015-16, compared to 18% and 6%, respectively, in the previous year.

Business Highlights

- Successfully completed contract manufacturing for couple of customers
- Construction of Unit-5 (Bloom 2) began and expected to be operational by September 2016
- Scale up and validation completed for 7 API Products
- Products launched for treatment of Hepatitis C through franchise
- WHO Geneva and NIP Hungary Joint Inspection completed successfully at Unit 1 and Unit 3 in April 2015
- USFDA Inspection completed successfully at Unit-1 and Unit-3 completed in April 2015
- BGV, Hambrg Germany Pre-approval Inspection completed successfully at Unit 2 in December 2015
- The formulation manufacturing facility in Acthuthauram, Visakhapatnam was made operational from December 2015 and Germany regulatory approval was obtained for formulations
- ISO 9001:2008 Surveillance Inspection completed by NQA, UK at Unit 1 and Unit 3
- 9 Drug Master Files filed
- IP analysis and research methodology further strengthened by incorporating expert review system
- Robust systems in place to maintain highest quality standards

Research and Development

At Laurus Labs, research and development (R&D) is the manifestation of our belief in innovation and quality that fuels our business aspirations. We have over more than 45 well qualified scientists, working in our state-of-the-art R&D centre. They focus on delivering innovative, quality products and platforms across the value chain of pharmaceutical research.

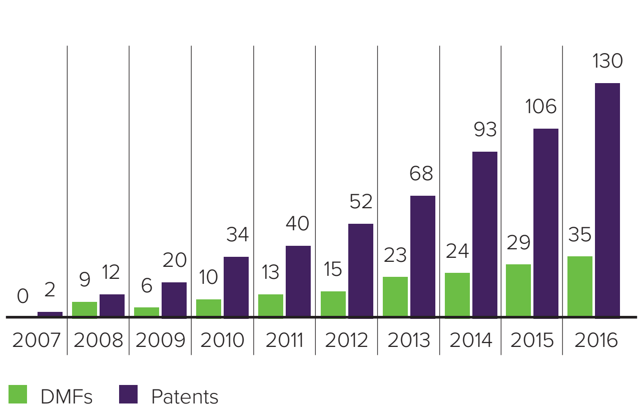
The Laurus Research and Development Centre is located on a spacious 10-acre campus in ICICI Knowledge Park. It is the hub of focused scientific activity, wherein the operational teams develop and optimise technological solutions. Besides, they also ensure these innovations are scalable and compatible with market realities.

We have designed an effective R&D, which continues to ensure delivery of a sustainable pipeline of high-value drugs. Our R&D strategy is centred on improving the speed and yield of generic products. We are consistently bringing affordable and quality medicines in the market to ensure our commitment towards supporting humanitarian efforts.

During the year three Hepatitis C drugs were launched and this franchise brought significant business growth and long-term opportunity. This included risk and reward sharing with a major formulation company, having domestic as well as overseas marketing capabilities.

We reinforce our manufacturing excellence through proactive investments in R&D. Our operational R&D team focuses on process improvements to improve yields, minimise variation and reduce waste. Some of the key drivers include – increasing process discipline; focus on results; and motivation to improve execution proficiencies.

Cumulative DMFs and Patents filed by R&D



Quality and Certification

At Laurus Labs, we strive not only to meet the stringent regulations, but also to set new benchmarks through delivering quality-compliant products across all geographies. We follow the philosophy of '**One quality for all markets**'.

We are consistently meeting the most stringent quality standards at every step as building a culture of quality with principles of excellence is deep rooted within our DNA. Over the years, we have built a remarkable reputation among our customers and regulatory agencies across the globe by following these principles. We received recognitions from FDA (USA), FDA (Korea), MHRA (UK), TGA (Australia), WHO-cGMP and PMDA (Japan), among others for our quality assurance. We have augmented our IT infrastructure, systems and processes to align them with industry best practices. This initiative has been taken to support our growing businesses and constantly increasing workforce across geographies. During the year, we have implemented E-note book and evaluating LIMS and E-batch records for implementation.

We are persistent in improving our quality systems across our research and manufacturing facilities to measure up to international expectations. Quality is built as a culture through continuous training programmes for all employees to enable them to implement higher standards.

At Laurus Labs, we are committed to:

- Mitigate the environmental impact of its activities, products and services
- Protect and promote the health and wellbeing of our employees
- Equip, establish and operate our facilities to meet highest safety standards

Intellectual Capital

At Laurus Labs, we believe that employees play a pivotal role in achieving sustainable competitive advantage and ensuring long-term success. We attribute our accomplishments to the diligence and dedication of our employees and recognise their efforts in driving the organisation's future progress. Employee empowerment is indeed an important catalyst that enables our growth, and is therefore, a significant driver of our overall performance strategy. We strive towards providing each of our employees the encouragement, support and avenues to realise their potential and achieve more than they thought was possible.

Our innovative HR programmes and processes nurture talent and strengthen the abilities of our personnel. Such programmes play an important role by strategically aligning the employee aspirations with the organisation's long-term goals.

At Laurus Labs, we recognise that our team is the enabler of our growth journey and the torchbearer of our future identity. Indeed, their contribution is indispensable. Therefore, we focus on building a strong talent pool and a robust leadership pipeline to support our expansion strategy.

Talent Attraction - Being a globally dominant pharma player, the need for an efficient workforce is integral to us. Our holistic recruitment programme enables us to attract talent across all levels. The strategic expansion of our human resource strength remains a key focus area.

Talent Motivation - Our HR and administrative team comprises industry experts who motivate employees through regular training and opportunities for career development.

Talent Well-being - Employee safety and welfare is the cornerstone of our approach to personnel development.

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 our 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.

STATUTORY REPORTS & FINANCIAL STATEMENTS

DIRECTORS' REPORT

To the Members,
Laurus Labs Private Limited

Your Directors have pleasure in presenting the 11th Annual Report of the Company together with the Audited Financial Statements for the Financial Year ended March 31, 2016.

FINANCIAL HIGHLIGHTS

(₹ Million)

Particulars	2015-2016	2014-2015
Gross Income	18,142	13,376
Net Income	17,808	13,263
Profit Before Interest and Depreciation	3,866	2,395
Finance Charges	1,200	1,062
Depreciation/Amortization	916	613
Net Profit Before Tax	1,751	720
Provision for Tax	335	(15)
Net Profit After Tax	1,416	736
Provision for Dividend	49	-
Provision for Dividend Tax	10	-
Surplus carried to Balance Sheet	1,357	736

A. COMPANY'S AFFAIRS

(i) Operations

During the year under review, your Company achieved the following:

- Growth of 34% net income, 61% profit before interest and depreciation over previous year
- Successful contract manufacturing of few products for three of customers
- Construction of Unit-5 (Bloom 2) began and expected to be operational by September 2016
- Scale up and validation completed for 7 APIs
- First time generics in India launched for treatment of Hepatitis C by our Partner
- WHO Geneva and NIP Hungary Joint Inspection completed successfully at Unit-1 and Unit 3 in April 2015
- USFDA Inspection completed successfully at Unit-1 and Unit-3 in April 2015
- The formulation manufacturing facility in Atchutapuram, Visakhapatnam, is made operational from December 2015 and Germany regulatory approval obtained for formulations.
- ISO 9001:2008 Surveillance Inspection completed by NQA, UK at Unit-1 and Unit-3
- 9 DMFs filed in FY 2016

(ii) Outlook

Business prospects will remain positive because of the growing global demand for generics and opportunities provided by expiry of patents in developed markets.

Various business aspects including market conditions, business opportunities, challenges etc. have been discussed at length in the Management's Discussion and Analysis (MDA), which forms part of this Annual Report.

B. DIVIDEND

Your directors are pleased to recommend (i) 0.001% dividend on preference shares of the Company for the financial year ended March 31, 2016; and (ii) Rs.2/- per share as dividend for the Financial Year ended March 31, 2016, both on Equity and Preference Shares of the Company. The dividend, if approved by the Members, in their forthcoming Annual General Meeting to be held on June 9, 2016, will be paid to the Members, whose names appear on the Register of Members as on June 3, 2016. Your directors have also resolved to release the entire cumulative portion of dividend on the preference shares.

C. TRANSFER TO RESERVES

Your Company does not propose to transfer any portion of profits to Reserves.

D. SHARE CAPITAL

During the year, your Company had allotted 255,375 (Two hundred fifty five thousand three hundred and seventy five only) equity shares of ₹ 10/- each at a price of ₹ 10/- per share to various eligible employees of the Company under Employee Stock Option Scheme-2011 upon exercise of their vesting rights. With these allotments, the paid up equity capital of the Company stood at 15,767,255 equity shares of ₹ 10/- each only, aggregating to ₹ 157,672,550/-.

The Authorized Share Capital of the Company has been increased from ₹ 880 Mn to ₹ 914 Million by creation of additional 3,400,000 equity shares of ₹ 10/- each. Further, 4,640,940 Series A Preference Shares of ₹ 10/- each in Authorized Share Capital have been reclassified into 4,640,940 equity shares of ₹ 10/- each. Consequently, the Authorized Share Capital of the Company remained as follows:

(A) 24,787,037 (twenty four million seven eighty seven thousand thirty seven) equity shares of par value of ₹ 10 (rupees ten only) each;

(B) 2,259,060 (two million two fifty nine thousand sixty) compulsorily convertible preference shares – Series A of par value ₹ 10 (Rupees ten only) each;

(C) 2,477,387 (two million four seventy seven thousand and three hundred eighty seven) compulsorily convertible preference shares – Series B of par value of ₹ 243 (Rupees two hundred forty three Only) each; and

(D) 4,153,399 (four million one fifty three thousand three hundred ninety nine) compulsorily convertible preference shares – Series C of par value ₹ 10 (Rupees ten only) each

E. FIXED DEPOSITS

The Company did not accept any fixed deposits.

F. CHANGE IN THE NATURE OF BUSINESS, IF ANY

There is no change in the nature of business of the Company or any of its subsidiaries or associates, during the year under review.

G. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY (OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR AND REPORTING DATE)

There are no material changes and commitments affecting the financial position of the Company that have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the Report i.e. between March 31, 2016 to April 29, 2016.

H. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Company has two Wholly Owned Subsidiaries, namely (i) Viziphar Biosciences Private Limited and (ii) Laurus Synthesis Inc., USA and one Associate Company, namely Sriam Labs Private Limited. There are no Joint Venture entities in which the Company is a partner. However, vide Agreement dated April 18, 2016, the Company had agreed to sell its entire shareholding in Viziphar Biosciences Private Limited to a third party, and this agreement, if completed, would be effective from April 1, 2016 and thereby Viziphar Biosciences would cease to be the Subsidiary of the Company with effect from April 1, 2016.

As per Sec.129(3) of the Companies Act, 2013 the consolidated financial statement of the Company and all its Subsidiaries and Associates prepared in accordance with the applicable accounting standards forms part of this Annual Report. Further, a statement containing salient features of the financial statements of our subsidiaries and associates in the prescribed form in AOC-1 is attached as Annexure-1 to the Directors' Report.

I. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year, your Company has provided a Corporate Guarantee to Citi Bank, India and, in turn, Standby Letter of Credit issued by Citi Bank, India to Citi Bank Inc. USA on behalf of the Subsidiary Company, namely Laurus Synthesis Inc. USA, for US Dollars 2 Million, to meet the objectives of the said Subsidiary Company, which is well within the limits prescribed under Sec.186 of the Companies Act, 2013.

J. BOARD OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

Mr. Amal Ganguli was appointed as Independent Director liable to retire by rotation by the Board of Directors and Members in their respective Meetings held on April 30, 2015 and July 31, 2015 and is being proposed to be appointed as an Independent Director for a period of 5 years with effect from June 9, 2016, subject to approval of Members.

Mr. Conner Town Mulvi who was appointed as Additional Director in the Board Meeting held on March 24, 2015 was ceased to be director with effect from the date of Annual General Meeting i.e. July 31, 2015, since his appointment was not regularized in the said Annual General Meeting. However, Mr.Conner Town Mulvi was once again appointed as Additional Director with effect from January 18, 2016. His appointment was regularized by the shareholders in the Extra-Ordinary General Meeting held on February 11, 2016.

Mr. A.Nagaraja Kumar had resigned as Company Secretary of the Company with effect from May 8, 2015. Ms.Janaki S who was appointed as Company Secretary from November 1, 2015 also resigned as Company Secretary on January 18, 2016. However, Ms.Janaki will continue to work in the Company as Asst. Company Secretary. Mr.G. Venkateswar Reddy who was appointed as Sr. General Manager (Legal & Secretarial) with effect from December 1, 2015 was appointed as Company Secretary of the Company with effect from January 18, 2016.

K. NUMBER OF BOARD MEETINGS

Board of Director met 9 (nine) times during the financial year 2015-16.

L. BUSINESS RISK MANAGEMENT

Your Company has developed risk management structure to enable the Company to check the business operations of the Company on regular and active basis. This helps in identification, evaluation and mitigation of potential internal or external risks. Both at the Board and at the senior management levels, your Company has established processes and guidelines along with a strong overview and monitoring system. The Company encourages strong ethical values and high levels of integrity in all the activities as a result of which the risk gets mitigated considerably.

M. ADEQUACY OF INTERNAL FINANCIAL CONTROLS

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

N. DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134(5) of the Companies Act, 2013, the Board of Directors of the Company states 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 Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

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

(e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

O. RELATED PARTY TRANSACTIONS

In accordance with Sec.134(h) of the Companies Act, 2013 and Rule 8(2) of Companies (Accounts) Rules, 2014, the particulars of contracts or arrangements entered into by the Company with the Related Parties referred to in Sec.188(1) of the Act, have been provided in Form AOC-2 and attached the same as Annexure-2

The details of related party disclosures as stated in the notes to the financial statements forms part of this annual report.

P. 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.

Q. AUDITORS

(i) Statutory 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.

(ii) Cost Auditors

In accordance with Section 148 of the Companies Act, 2013 read with Companies (Audit & Auditors') Rules, 2014 and the Companies (Cost Records and Audit) Amendments Rules, 2014, the Company maintains the cost records in respect of its business.

Your Board has appointed M/s. Bharathula & Associates, Cost Accountants, as the Cost Auditor of the Company for the Financial Year 2016-17. As required by the Act, the remuneration of the Cost Auditors have to be ratified by the Members and accordingly the resolution relating to the Cost Auditors is being placed before the Members for their ratification.

R. AUDITORS' QUALIFICATIONS/RESERVATIONS/ ADVERSE REMARKS

There are no Auditors' Qualifications or reservations or adverse remarks on the financial statements of the Company.

S. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE COURTS/REGULATORS

There are no significant and material orders passed by the Courts or Regulators against the Company.

T. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Pursuant to the provisions of Section 135 and Schedule VII of the Companies Act, 2013, CSR Committee of the Board of Directors had framed the policy on Corporate Social Responsibility and the Projects and Programs undertaken by the Company during the year under review have been provided in Annexure-3 and forms part of this Report. The composition of the CSR Committee of Directors is as follows:

Mr. V V Ravi Kumar	Chairman
Mr.Rajesh Kumar Dugar	Member
Mr.Narendra Ostawal	Member
Mr.Amal Ganguli	Member

U. EXTRACT OF 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-4 and forms part of this Report.

V. 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 the Annexure 5 and appended hereto and forms part of this Report.

W. HUMAN RESOURCES

The management believes that the competent and committed human resources are vitally important to attain success in the organization. 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 organization to enhance the competitive spirit and encourage bonding teamwork among the employees.

X. EMPLOYEE STOCK OPTIONS

During the year, the Company has allotted 255,375 (Two hundred fifty five thousand three hundred and seventy five) equity shares of ₹ 10/- at a price of ₹ 10/- per share to various eligible employees of the Company under Employee Stock Option Scheme-2011 upon exercise of their vesting rights.

The details of stock options are as mentioned in Annexure 6 and forms part of this Report.

The Company had also granted 177,188 Stock Options to the Employees during the year as Grant-V under the ESOP Scheme 2011.

Further, the Board has approved and recommended to the Shareholders to approve a new Employees Stock Option Scheme 2016 wherein 300,000 stock options will be reserved to the employees at an exercise price of 25% less than the Fair Market Value of the Share of the Company on the date of grant of options. The vesting shall be 25% after two years of Grant, 25% after three years and 50% will be after four years of the Grant. The Nomination and Remuneration Committee of Directors of the Company will frame all necessary terms and conditions etc. under the said Scheme.

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

The information required under Section 134 (3) (m) of the Companies Act, 2013, read with Rule 8(3) of Companies (Accounts) Rules, 2014, is appended hereto as Annexure 7 and forms part of this Report.

Z. POLICY ON PREVENTION OF SEXUAL HARASSMENT

The Company has formulated and implemented a policy for Prevention of Sexual Harassment of Women at workplace. During the year under review, the Company has not received any complaints under the policy.

The Company has many systems, processes and policies to ensure professional ethics and harmonious working environment. We follow Zero Tolerance towards Corruption and unethical conduct. These are ensured through Whistle Blower Policy, Anti-Corruption Policy, Gift Policy, Sexual Harassment Policy and Redressal Guidelines.

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

Dr. C. Satyanarayana
Chief Executive Officer

V. V. Ravi Kumar
Executive Director

Hyderabad
April 29, 2016

ANNEXURE-1

FORM AOC - 1

PART - A: SUBSIDIARIES INFORMATION

S.No.	Particulars	Details	
1	Name of Subsidiary	Viziphar Biosciences Private Limited	Laurus Synthesis Inc., USA ##
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	April 01, 2015 to March 31, 2016	
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Indian Rupees (in Mn.)	US Dollars (in Mn.)
4	Share capital	24.54	3.00
5	Reserves & Surplus	(24.74)	(2.47)
6	Total Assets	1.13	3.04
7	Total Liabilities	1.33	2.51
8	Investments	-	-
9	Turnover	1.08	3.34
10	Profit before taxation	0.08	(1.60)
11	Provision for taxation	-	-
12	Profit after taxation	0.08	(1.60)
13	Proposed Dividend	-	-
14	% of shareholding	100%	100%

Laurus Synthesis Inc., USA, is a foreign subsidiary and its Local currency is USD. Exchange rate as on March 31, 2016 : ₹ 66.3329/USD 1

PART - B: ASSOCIATES AND JOINT VENTURES

S.No.	Name of Associates/Joint Ventures	Sriam Laboratories Private Limited
1	Latest Audited Balance Sheet Date	March 31, 2016
2	Shares of Associate/Joint Ventures held by the Company on the year end	
	No.	3,834,908
	Amount of Investment in Associates/Joint Venture / ₹ in Mn	71.98
	Extend of Holding %	27%
3	Description of how there is significant influence	Shareholding more than 20%
4	Reason why the associate/joint venture is not consolidated	NA
5	Networth attributable to Shareholding as per latest audited Balance Sheet	57.12
6	Profit/Loss for the year	
	i. Considered in Consolidation	(4.02)
	ii. Not Considered in Consolidation	(10.88)

ANNEXURE-2

Form No. AOC-2

[Pursuant to Sec.134(3)(h) of the Companies Act 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in Sec.188(1) of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

Details of contracts or arrangements or transactions not at arm's length basis : **Nil**

(a)	Name(s) of the related party/and nature of relationship
(b)	Nature of contracts/arrangements/transactions
(c)	Duration of the contracts/arrangements/transactions
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any
(e)	Justification for entering into such contracts or or arrangements or transactions
(f)	Date(s) of approval by the Board
(g)	Amount paid as advance, if any
(h)	Date on which the special resolution was passed in general meeting as required under first proviso to Sec.188

Details of contracts or arrangements or transactions at arm's length basis

(a)	Name(s) of the related party/and nature of relationship	**The details are set out in the standalone financial statements forming part of this Annual Report. The same may be referred for this purpose.**
(b)	Nature of contracts/arrangements/transactions	
(c)	Duration of the contracts/arrangements/transactions	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
(e)	Date(s) of approval by the Board	
(f)	Amount paid as advance, if any	
(g)	Date on which the special resolution was passed in general meeting as required under first proviso to Sec.188	

ANNEXURE-3

CORPORATE SOCIAL RESPONSIBILTY STATEMENT

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.	:	The Scope of the CSR Policy would include all/any activities specified in Schedule VII of the Companies Act, 2013. Web-link: www.lauruslabs.com/csr-activities
2	The Composition of the CSR Committee.	:	As stated in Directors' Report
3	Average net profit of the company for last three financial years	:	939.68
4	Prescribed CSR Expenditure (2% of item 3 above)	:	18.79
5	Details of CSR spent during the financial year.		
6	Total amount to be spent for the financial year;	:	27.02
7	Amount unspent, if any;	:	-

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	Green Ganesh Idols	Environmental sustainability	Visakhapatnam	-	146,600	146,600	Direct
2	Green Plantation	Environmental sustainability	Visakhapatnam	-	586,048	586,048	Direct
3	Indian School of Business	Promoting Education	Hyderabad	-	5,000,000	5,000,000	Direct
4	Renovation of Govt Building	Environmental sustainability	Visakhapatnam	-	272,750	272,750	Direct
5	School Benches	Promoting Education	Visakhapatnam	-	12,000	12,000	Direct
6	School Teacher Salary	Promoting Education	Hyderabad	-	60,000	60,000	Direct
7	Stipend for Krishna University Students	Promoting Education	Visakhapatnam	-	1,402,766	1,402,766	Direct
8	Street Light Facility	Environmental sustainability	Munnaluru	-	247,320	247,320	Direct
9	Water Plant Munnaluru	Safe Drinking Water	Munnaluru	-	26,888	26,888	Direct
10	Stipend for Gitam University Students	Promoting Education	Visakhapatnam	-	8,920,162	8,920,162	Direct
11	BITS Pilani	Promoting Education	Hyderabad	-	250,000	250,000	Direct
12	Swarna Bharat Trust	Promoting Education	Vijayawada	-	10,000,000	10,000,000	Paid to Trust
13	Chennai Flood Relief Fund	Environmental sustainability	Chennai	-	100,000	100,000	Paid to Trust
	TOTAL				**27,024,534**	**27,024,534**	

ANNEXURE-4

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March 2016

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

I. Registration And Other Details:

i)	CIN.	U24239AP2005PTC047518
ii)	Registration Date	19th September 2005
iii)	Name of the Company	Laurus Labs Private Limited
iv)	Category/Sub-category of the Company	Private Limited Company
v)	Address of the Registered Office and contact details	Plot No.21, JN Pharma City, Parawada, Visakhapatnam – 531 021, India Phone No.:+91 40 39804333
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:-

Sl. 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	99%
2	Research & Development	922	1%

III. Particulars Of Holding, Subsidiary And Associate Companies

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

* Ceased to be Subsidiary with effect from April 1, 2016

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									
a) Individual/HUF	400,000	5,362,750	5,762,750	37.16	500,000	5,266,000	5,766,000	36.57	(0.59)
b) Central Govt									
c) State Govt (s)									
d) Bodies Corp									
e) Banks / FI									
f) Any other Sub-total									
(A) (1):-	400,000	5,362,750	5,762,750	37.16	500,000	5,266,000	5,766,000	36.57	(0.59)
(2) Foreign									
a) NRIs-Individuals	575,000	1,300,000	1,875,000	12.09	575,000	1,300,000	1,875,000	11.89	(0.20)
b) Other-Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any other Sub-total									
(A) (2):-	575,000	1,300,000	1,875,000	12.09	575,000	1,300,000	1,875,000	11.89	(0.20)
Total shareholding of									
Promoter									
(A) = (A)(1)+(A)(2)	975,000	6,662,750	7,637,750	49.25	1,075,000	6,566,000	7,641,000	48.46	(0.79)
B. Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs	5,923,630	1,000	5,924,630	38.19	5,923,630	1,000	5,924,630	37.58	(0.61)
h) Foreign Venture Capital Funds									
i) Others (specify)									
Trusts	-	201,000	201,000	1.30	-	206,750	206,750	1.31	0.01
Sub-total (B)(1):-	**5,923,630**	**202,000**	**6,125,630**	**39.49**	**5,923,630**	**207,750**	**6,131,380**	**38.89**	**(0.6)**

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	
2. Non-Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	198,500	198,500	1.28	7,000	281,125	288,125	1.83	0.55
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh									
	925,000	600,000	1,525,000	9.83	993,000	668,750	1,661,750	10.54	0.71
c) Others (specify)									
i) NR Individual	-	25,000	25,000	0.16	25,000	-	25,000	0.16	-
ii) Foreign National	-	-	-	-	-	20,000	20,000	0.13	0.13
Sub-total (B)(2):-	**925,000**	**823,500**	**1,748,500**	**11.27**	**1,025,000**	**969,875**	**1,994,875**	**12.66**	**1.39**
Total Public Shareholding									
(B)=(B)(1)+ (B)(2)	6,848,630	1,025,500	7,874,130	50.76	6,948,630	1,177,625	8,126,255	51.55	0.79
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total									
(A+B+C)	7,823,630	7,688,250	15,511,880	100	8,023,630	7,743,625	15,767,255	100	-

In some of the above cases, though there is no change in the number of shares held by the shareholders between the last year and the current year, the percentage of holdings have been decreased due to further dilution of share capital as 255,375 shares have been allotted during the current year to various eligible employees pursuant to exercise of their vesting rights under ESOP Scheme 2011

(ii) Shareholding of Promoters

S.No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No.of Shares	% of total Shares of the compa ny	%of Shares Pledged / encumbe red to total shares	No.of Shares	% of total Shares of the company	%of Shares Pledged / encumbe red to total shares	% change in shareholding during the year
1	Dr. C. Satyanarayana	3,734,500	24.08	-	3,734,500	23.69	-	(0.39)
2	Ms. Naga Rani C	1,560,000	10.06	-	1,560,000	9.89	-	(0.17)
3	Dr. Raju S Kalidindi	1,300,000	8.38	-	1,300,000	8.24	-	(0.14)
4	Mr. Ravi Kumar V V	400,000	2.58	-	400,000	2.54	-	(0.04)
5	Dr. Lakshman C V	575,000	3.71	-	575,000	3.65	-	(0.06)
	Promoter Group							
6	Ms. Kommana Kamala	5,000	0.03	-	5,000	0.03	-	-
7	Ms. Vasireddy Krishnaveni	10,000	0.06	-	10,000	0.06	-	-
8	Ms. Suryadevara Rama	10,000	0.06	-	10,000	0.06	-	-
9	Ms. Chintalapati Jayapadma	10,000	0.06	-	10,000	0.06	-	-
10	Ms. Chintalapati Vijaya Durga	10,000	0.06	-	10,000	0.06	-	-
11	Mr. S Narasimha Rao	3,250	0.02	-	6,500	0.04	-	0.02
12	Ms. Hymavathi V	10,000	0.06	-	10,000	0.06	-	-
13	Mr. Sekhar Babu C	5,000	0.03	-	5,000	0.03	-	-
14	Ms. Naga Mani T	5,000	0.03	-	5,000	0.03	-	-
	Total	**7,637,750**	**49.22**	**-**	**7,641,000**	**48.44**	**-**	**(0.78)**

(iii) Change in Promoters' Shareholding

(please specify, if there is no change)

Sl. 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	7,637,750	49.24	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 28/09/2015 allotment of 3250 equity shares		7,641,000	48.46
2	At the End of the year	7,641,000	48.46		

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

Sl. 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	3,330,758	21.47		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	-	-		
	At the End of the year (or on the date of separation, if separated during the year)	3,330,758	21.13		
2	FIL Capital Management (Mauritius) Limited				
	At the beginning of the year	2,592,872	16.72		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):				
	At the End of the year (or on the date of separation, if separated during the year)	2,592,872	16.45		
3	Ms Y Vijayalakshmi				
	At the beginning of the year	600,000	3.81		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	-	-		
	At the End of the year (or on the date of separation, if separated during the year)	600,000	3.81		
4	Vivek Mundra				
	At the beginning of the year	175,000	1.13		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	16/4/2015 Transfer -7,000 7/5/2015 Transfer +75,000		168,000 243,000	1.07 1.54
	At the End of the year (or on the date of separation, if separated during the year)	243,000	1.54		
5	Laurus Employee Trust				
	At the beginning of the year	201,000	1.30		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	28/9/2015 Transfer +3,750 11/2/2016 Transfer +2,000		204,750 206,750	1.30 1.31

Sl. 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
	At the End of the year (or on the date of separation, if separated during the year)	206,750	1.31		
6	AV Krishnam Raju				
	At the beginning of the year	150,000	0.97		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	-	-		
	At the End of the year (or on the date of separation, if separated during the year)	150,000	0.95		
7	Anirudh Mundra				
	At the beginning of the year	100,000	0.64		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	-	-		
	At the End of the year (or on the date of separation, if separated during the year)	100,000	0.63		
8	Hari Kiran Chereddi				
	At the beginning of the year	75,000	0.48		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	-	-		
	At the End of the year (or on the date of separation, if separated during the year)	75,000	0.48		
9	P. Rajya Lakshmi				
	At the beginning of the year	75,000	0.48		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	-	-		
	At the End of the year (or on the date of separation, if separated during the year)	75,000	0.48		
10	Dr. GSR Anjaneyulu				
	At the beginning of the year	50,000	0.32		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	On 28/09/2015 allotment of 15,000 shares		65000	0.41
	At the End of the year (or on the date of separation, if separated during the year)	65,000	0.41		

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. 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
1	Dr C Satyanarayana				
	At the beginning of the year	3,734,500	24.08		
	Date wise Increase / Decrease in Share holding 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	3,734,500	23.69		

Sl. 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
2	Dr Srihari Raju Kalidindi				
	At the beginning of the year	1,300,000	8.38		
	Date wise Increase / Decrease in Shareholding during the year	No change in No. of shares held			
	At the end of the year	1,300,000	8.24		
3	Mr V V Ravi Kumar				
	At the beginning of the year	400,000	2.58		
	Date wise Increase / Decrease in Shareholding during the year	No change in No. of shares held			
	At the end of the year	400,000	2.54		
4	Mr G. Venkateswar Reddy				
	At the beginning of the year	-	-		
	Date wise Increase / Decrease in Shareholding during the year	No change in No. of shares held			
	At the end of the year	-	-		

Note: The reduction in percentage of holding in certain cases (where there is no change in number of shares) is due to further issue of capital on exercise of ESOPs by eligible employees.

V. Indebtedness

(Equity Share Capital Breakup as percentage of Total Equity)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	8,211.06	-	-	8,211.06
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	40.35	-	-	40.35
Total (i+ii+iii)	**8,251.41**	**-**	**-**	**8,251.41**
Change in Indebtedness during the financial year				
• Addition	2,228.47	1,061.33	-	3,289.80
• Reduction	1,341.31	-	-	1,341.31
Net Change	887.16	1,061.33	-	1,948.49
Indebtedness at the end of the financial year				
i) Principal Amount				
ii) Interest due but not paid	9,098.22	1,061.33	-	10,159.55
iii) Interest accrued but not due	45.92	-	-	45.92
Total (i+ii+iii)	**9,144.14**	**1,061.33**	**-**	**10,205.47**

VI. Remuneration of Directors and Key Managerial Personnel

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

Particulars	Dr. C Satyanarayana	Dr. Raju Kalidindi	V. V. Ravi Kumar
	Chief Executive Officer	Executive Director	Executive Director
Basic Salary	17,271,000	6,876,000	6,876,000
Bonus/ Benefits	--	--	--
House Rent Allowance	6,908,400	2,750,400	2,750,400
Others Allowances	14,255,501	5,353,428	5,132,107
Commission	--	--	--
Other Perquisites/ performance linked incentive			
Contribution to Provident Fund / Pension	2,219,333	883,575	883,575
Contribution to Superannuation Fund	--	--	100,000
Stock Option	--	--	--
Service contracts/ notice period/ severance fees	--	--	--
Total	**40,654,234**	**15,863,403**	**15,742,082**

B. Remuneration paid to Independent director:

Particulars	Amal Ganguly
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 paid 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	3,800,141
	3,800,141

Total Managerial Remuneration (A+B+C)	**78,459,860**
Overall Ceiling as per the Act	**Not Applicable**

D. Remuneration paid to Key Managerial Personnel Other Than MD/Manager/WTD

Sl. 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	40,654,234	1,321,150	15,742,082	57,717,466
	(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		**40,654,234**	**1,321,150**	**15,742,082**	**57,717,466**

* part of the year effective from December 1, 2015

VII. Penalties / Punishment/ Compounding of Offences: NIL

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			Nil		
	Punishment			Nil		
	Compounding			Nil		
B.	DIRECTORS					
	Penalty			Nil		
	Punishment			Nil		
	Compounding			Nil		
C.	OTHER OFFICERS IN DEFAULT					
	Penalty			Nil		
	Punishment			Nil		
	Compounding			Nil		

ANNEXURE-5

EMPLOYEE WORKED PART OF THE FINANCIAL YEAR & RECEIVED AGGREGATE REMUNERATION OF NOT LESS THAN FIVE LAKH RUPEES PER MONTH (Including Employer Contribution to PF)

S.No.	Name of the Employee	Designation	Remuneration received (CTC in ₹ in million) FY 2015-16	Nature Contract/ Permanent	Qualification & Experience	Date of commencement of employment	Date of exit of employment	Age of employee	Last Employment held before joining the Co.	No. of Equity shares held	Whether relative of Director
1	Anil Kumar	Vice President	2.52	Permanent	ACMA; 18	10-Mar-08	02-May-15	48	Dr. Reddy's Laboratories Ltd	2,500	No
2	Rashmi Ranjan Patra	Senior Vice President	1.51	Permanent	MMS; 29	12-Dec-13	04-Apr-15	54	Actavis Pharma	0	No
3	Sandeep Kachhwaha	Vice President	2.94	Permanent	M.Pharmacy; Ph.D; 16	24-Aug-15		44	Dr. Reddy's Laboratories Ltd	0	No
4	Siva Kumar BVNS	Vice President	1.12	Permanent	M.Sc; 30	04-Jan-16		55	Dr. Reddy's Laboratories Ltd	0	No
5	Srinivasa Rao BVRKS	Vice President	4.24	Permanent	M.Pharmacy; 24	23-Jul-15		48	Wockhard	0	No

EMPLOYEE WORKED THROUGH OUT THE FINANCIAL YEAR & RECEIVED A REMUNERATION OF NOT LESS THAN SIXTY LAKH RUPEES (Including Employer Contribution to PF)

S.No.	Name of the Employee	Designation	Remuneration received (CTC in ₹ in million) FY 2015-16	Nature Contract/ Permanent	Qualification & Experience	Date of commencement of employment	Age of employee	Last Employment held before joining the Co.	No. of Equity shares held	Whether relative of Director
1	Dr. Satyanarayana C	Chief Executive Officer	40.65	Permanent	MSc, Ph D; 30	21-01-2006	53	Matrix Laboratories Ltd	3,734,500	Director
2	Dr. Raju S Kalidindi	Whole-time Director	15.86	Permanent	MSc, Ph D; 30	03-04-2006	52	Mayne Pharma, Australia	1,300,000	Director
3	Ravi Kumar VV	Whole-time Director	15.74	Permanent	M.Com, FCMA 27	30-11-2006	51	Matrix Laboratories Ltd	400,000	Director
4	Dr. Anjaneyulu GSR	Executive Vice President	13.99	Permanent	MSc, Ph D; 31	05-02-2007	54	Matrix Laboratories Ltd	65,000	No
5	Dr. Venkata Lakshmana Rao C	Sr. Vice President	7.49	Permanent	MSc, Ph D; 28	07-02-2007	53	Mayne Pharma, Australia	575,000	No
6	Srinivasa Rao S	Sr. Vice President	13.00	Permanent	MSc; 21	02-04-2008	48	Matrix Laboratories Ltd	30,000	No
7	Martyn Oliver James Peck	Sr. Vice President	23.42	Permanent	BSc; 26	18-08-2008	47	Mayne Pharma, Australia	20,000	No
8	Krishna Reddy VSRK	Vice President	6.57	Permanent	M.Sc; Mphil; Ph.D; 24	06-09-2006	50	Advinus Therapeutics	10,000	No
9	Bhaskaraiah M	Sr. Vice President	11.86	Permanent	B.Tech; 25	05-04-2007	50	Matrix Laboratories Ltd	30,000	No
10	Venkata Ramana Rao Ch	Vice President	8.86	Permanent	M.Sc; PGDPL; 21	04-05-2007	45	Matrix Laboratories Ltd	20,000	No
11	Vaidyanathan N Iyer	Vice President	6.39	Permanent	M.Sc; Ph.D; 31	04-07-2007	53	Cipla Ltd	6,000	No
12	Sunil Kumar IV	Vice President	11.29	Permanent	M.Sc; PGDPL; Ph.D; 23	16-07-2007	47	Matrix Laboratories Ltd	25,000	No
13	Jagan Mohan Rao K	Sr. General Manager	7.19	Permanent	M.Com; PGDBA; (ICWAI); 27	20-08-2007	47	Matrix Laboratories Ltd	11,250	No
14	Sita Ramaiah Ch	Asst. Vice President	7.76	Permanent	B.Com, FCA: 18	20-08-2007	43	Matrix Laboratories Ltd	15,000	No
15	Narasimha Rao DVL	Vice President	10.99	Permanent	M.Sc; PGDEM; PGDCA; 24	04-09-2007	47	Matrix Laboratories Ltd	25,000	No
16	Babchand N	General Manager	6.89	Permanent	M.P.I.B; 15	01-11-2007	40	Matrix Laboratories Ltd	15,000	No
17	Srinivasa Rao S	Vice President	6.90	Permanent	B.Sc; 28	27-07-2006	48	Auctus Pharma	12,500	No
18	Chandrakanth Ch	Sr Vice President	5.99	Permanent	M.Tech; MS; PGPM; 7	10-02-2012	33	Mc Kinsey	0	Yes

ANNEXURE-6

Details of Employees Stock Option Scheme

Pursuant to Rule 12(9) of Companies (Share Capital and Debentures) Rules, 2014

The details of Stock Options as on March 31, 2016 under the Employees Stock Option Scheme of the Company are as under:

S. No.	Particulars	Grant-1	Grant-2	Grant-3	Grant-4	Grant-5	Total
a	Options granted	553,000	28,000	38,500	75,500	177,188	872,188*
b	Options vested	505,250	11,750	9,625	-	-	526,625
c	Options exercised	505,250	11,750	9,625	-	-	526,625
d	The total no. of shares arising as a result of exercise of options	505,250	11,750	9,625	-	-	526,625
e	Options lapsed	47,750	6,250	9,750	21,500	-	85,250
f	The Exercise Price (₹)	10	10	10	10	10	10
g	Variations of terms of Options	Nil	Nil	Nil	Nil	Nil	Nil
h	Money realized by exercise of options	5,052,500	117,500	96,250	-	-	5,266,250
I	Total number of options in force	0	10,000	19,125	54,000	177,188	260,313

* including re-issue of lapsed options

j. Employee-wise details of options granted to -
   (i) Key Managerial Personnel : 2,000
   (ii) Any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year : Nil
   (iii) Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant : Nil

ANNEXURE-7

Particulars with respect to Conservation of Energy

(A) Conservation of energy :

(i)	The steps taken or impact on conservation of energy	■ Energy saving option for 39 agitators with turbo foil type implemented. (Savings: 1.2m units; 7.7m INR) ■ Change of lights to CFL / LED type (Savings: 0.22m units; 1.4m INR) ■ Installation of 900 KVAR capacitor to increase power factor from 0.995 to 1.0 (Savings: 0.4m units; 2.5m INR)
(ii)	The steps taken by the Company for utilizing alternate sources of energy	■ To reduce power bill, we are purchasing open access power through bidding process ■ In order to reduce carbon foot print we are utilizing by-product steam generated from neighbor company M/s Kanoria
(iii)	The capital investment on energy conservation equipment	₹ 15.65 mn

(B) Technology Absorption:

(i)	The efforts made towards technology absorption	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.
(ii)	The benefits derived like product improvement, cost reduction, product development or import substitution	Processes for several active pharmaceutical ingredients have been developed. Process optimization was achieved in production, which resulted in lower cost of production and substantial exports.
(iii)	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	We imported Simulated Moving Bed (SMB) to separate isomers in Efavirenz.
	(a) The details of technology imported	This technology is used to remove isomers in Efavirenz pharma
	(b) The year of import	2014
	(c) Whether the technology has been absorbed	Yes, technology has been absorbed.
	(d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof;	NA
(iv)	The expenditure incurred on Research and Development	₹ 110.37 Mn (Capex) and ₹ 796.15 (Recurring); Total= ₹ 906.52 Mn.
	Foreign exchange earnings and outgo	Please refer information given in the Notes to Standalone Financial Statements of the Company in item nos. 38 to 41

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, 2016, 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. 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, 2016, 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, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 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 by law 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, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report; and

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 standalone financial statements – Refer Note 37 (c) to the standalone financial statements;

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

iii. 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/E300004

per Vikas Kumar Pansari
Partner
Membership Number: 093649

Place of Signature: Hyderabad
Date: April 29, 2016

ANNEXURE TO THE AUDITOR'S REPORT

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

Re: Laurus Labs Private Limited ('The Company')

(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..

(c) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, the title deeds of the immovable properties included in tangible assets are held in the name of the Company.

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

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

(iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.

(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, service tax, duty of custom, duty of excise, 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, service tax, sales-tax, duty of custom, duty of excise, 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, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount demanded (₹ in millions)	Amount paid under dispute (₹ in millions)	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
The Income Tax Act, 1961	Disallowance of expenditure under the Income Tax Act, 1961.	Nil *	Nil	AY 2010-11, AY 2011-12	Commissioner of Income Tax (Appeals), Hyderabad

* The assessing officer has disallowed an amount of ₹ 35.06 million and ₹ 26.64 million for assessment year 2010-11 and assessment year 2011-12 respectively which will impact the reduction of loss for the relevant assessment years.

(viii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks. There are no dues which are payable to financial institutions or debenture holders or government.

(ix) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management and on an overall examination of the balance sheet, we report that, monies raised by the Company by way of term loans were applied for the purpose for which the loans were obtained, though funds received near to year-end, which were not required for immediate utilization have been deposited in the Company's cash credit accounts. The maximum amount of idle funds deposited during the year was ₹ 813.00 million, of which ₹ 788.59 million was outstanding at the end of the year. Further, the Company has not raised any money by way of initial public offer/ further public offer/ debt instruments.

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

(xi) The provisions of section 197 read with Schedule V to the Companies Act, 2013 are not applicable to the Company. Therefore, the requirements under paragraph 3(xi) of the Order are not applicable to the Company and hence not commented upon.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

(xv) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company and hence not commented upon.

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Vikas Kumar Pansari
Partner
Membership Number: 093649

Place of Signature: Hyderabad
Date: April 29, 2016

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF LAURUS LABS PRIVATE LIMTED

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

To the Members of
Laurus Labs Private Limited

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

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITOR'S RESPONSIBILITY

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

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

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Vikas Kumar Pansari
Partner
Membership Number: 093649

Place of Signature: Hyderabad
Date: April 29, 2016

BALANCE SHEET
as at March 31, 2016

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

	Notes	March 31, 2016	March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	823.80	821.25
Reserves and Surplus	4	7,850.15	6,470.95
		8,673.95	**7,292.20**
Non Current Liabilities			
Long Term Borrowings	5A	4,606.28	3,036.77
Deferred Tax Liability (Net)	6	447.76	113.00
Other Long Term Liabilities	7	441.56	446.58
Long Term Provisions	8A	67.71	51.26
		5,563.31	**3,647.61**
Current Liabilities			
Short Term Borrowings	9	4,682.19	4,316.35
Trade Payables	10		
Outstanding dues to micro enterprises and small enterprises		5.22	2.73
Outstanding dues to creditors other than micro enterprises and small enterprises		2,519.63	2,298.01
Other Current Liabilities	11	1,443.17	1,331.44
Short Term Provisions	8B	196.01	92.04
		8,846.22	**8,040.57**
Total		**23,083.48**	**18,980.38**
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible Assets	12	10,721.85	7,944.14
Intangible Assets		63.88	61.15
Capital Work in Progress	12	696.00	1,072.54
Non Current Investments	13	261.24	191.11
Long Term Loans and Advances	14A	1,276.80	955.18
Other Non Current Assets	15A	90.44	139.62
		13,110.21	**10,363.74**
Current Assets			
Inventories	16	4,870.93	4,754.96
Trade Receivables	17	4,437.01	2,850.45
Cash and Bank Balances	18	238.83	555.64
Short Term Loans and Advances	14B	294.25	309.36
Other Current Assets	15B	132.25	146.23
		9,973.27	**8,616.64**
Total		**23,083.48**	**18,980.38**
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.
As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number : 101049W/E300004

per Vikas Kumar Pansari
Partner
Membership No. 093649

Place : Hyderabad
Date : April 29, 2016

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 29, 2016

G.Venkateswar Reddy
Company Secretary

STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2016

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

		Notes	March 31, 2016	March 31, 2015
I.	**INCOME**			
	Revenue from Operations (Gross)	19	18,142.44	13,376.47
	Less: Excise Duty		334.08	113.34
	Revenue from Operations (Net)		**17,808.36**	**13,263.13**
	Other Income	20	75.79	340.67
	Total Revenue (I)		**17,884.15**	**13,603.80**
II.	**EXPENSES**			
	Cost of Materials Consumed	21	10,145.06	9,066.23
	Purchase of Traded Goods	22	149.50	61.85
	Increase in Inventories of Finished Goods and Work-in-Progress	23	(250.78)	(844.53)
	Other Manufacturing Expenses	24	1,690.29	1,232.24
	Employee Benefits Expenses	25	1,712.18	1,294.70
	Operating and Selling Expenses	26	571.74	398.52
	Total Expenses (II)		**14,017.99**	**11,209.01**
III.	**Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) (I-II)**		**3,866.16**	**2,394.79**
	Depreciation and Amortisation	12	915.67	612.83
	Finance Expenses	27	1,199.57	1,061.57
IV.	**Profit Before Tax**		**1,750.92**	**720.39**
V.	**Tax Expense**			
	Current Tax (including taxes for earlier years ₹ (25.04) (March 31, 2015: ₹ 14.33))		355.60	166.58
	Minimum Alternate Tax credit entitlement (including taxes for earlier years ₹ (25.04) (March 31, 2015: ₹ 14.33))		(355.60)	(166.58)
	Deferred Tax Charge/ (Credit)		334.76	(15.26)
	Total Tax Expense /(Credit)		**334.76**	**(15.26)**
VI.	**Profit for the year**		**1,416.16**	**735.65**
	Earnings Per Equity Share ₹ 10/- each fully paid (March 31, 2015: ₹ 10/- each fully paid)	28		
	Computed on the basis of total profit for the year			
	Basic (₹)		89.15	47.63
	Diluted (₹)		57.57	33.18
	Summary of Significant Accounting Policies	2.1		

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

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number : 101049W/E300004

per Vikas Kumar Pansari
Partner
Membership No. 093649

Place : Hyderabad
Date : April 29, 2016

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 29, 2016

G.Venkateswar Reddy
Company Secretary

CASH FLOW STATEMENT

for the year ended March 31, 2016

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

Particulars	March 31, 2016	March 31, 2015
CASH FLOW FROM/ (USED IN) OPERATING ACTIVITIES		
Profit Before Tax	**1,750.92**	**720.39**
Adjustments for :		
Depreciation and amortisation	915.67	612.83
Loss/ (profit) on sale of fixed assets (net)	2.98	(0.16)
Interest income	(23.60)	(21.65)
Interest expense	1,037.49	862.43
Employee Stock Option Charge	22.43	9.10
Net gain on foreign exchange fluctuations (unrealised)	55.05	(116.81)
Liabilities no longer required written back	-	(16.45)
Advances and bad debts written off (Net)	18.86	0.99
Provision for/(Reversal of) doubtful advance and receivables	(5.32)	0.76
Provision for diminution in value of investments	-	4.55
Provision for Insurance claim receivable	29.85	-
Gratuity and compensated absences	38.45	25.76
Operating Profit Before Working Capital Changes	**3,842.78**	**2,081.74**
Movement In Working Capital:		
Increase in inventories	(115.96)	(1,473.99)
Increase in trade receivables	(1,600.30)	(897.21)
Increase in long term loans and advances	(8.26)	(35.69)
(Increase)/ Decrease in short term loans and advances	12.83	(57.40)
Increase in other non current assets	(24.47)	(26.74)
Increase in other current assets	(14.01)	(76.71)
Increase/ (Decrease) in other long term liabilities	(55.20)	548.52
Increase in trade payables	249.24	90.04
Increase/ (Decrease) in other current liabilities	131.12	(573.00)
Cash Generated From Operations	**2,417.77**	**(420.44)**
Direct taxes paid	(333.02)	(168.18)
Net Cash Flow from/ (used in) Operating Activities (A)	**2,084.75**	**(588.62)**
CASH FLOW USED IN INVESTING ACTIVITIES		
Purchase of Tangible Assets, including intangible assets, capital work in progress and capital advances	(3,323.51)	(3,802.24)
Proceeds from sale of fixed assets	5.68	9.70
Proceeds from Sale of Investments in deposits	112.46	(76.12)
Purchase of investment	(70.13)	(191.11)
Net Cash Flow Used In Investing Activities (B)	**(3,275.50)**	**(4,059.77)**

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

Particulars	March 31, 2016	March 31, 2015
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares	2.55	1.32
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	(1,341.31)	(1,187.74)
Proceeds from long - term borrowings	2,898.24	2,748.09
Proceeds from short - term borrowings (net)	363.45	1,184.60
Interest received	27.19	13.33
Interest paid	(1,031.91)	(841.69)
Net Cash Flow From Financing Activities (C)	**918.21**	**4,860.81**
Net increase/ (Decrease) in cash and cash equivalents **(A+B+C)**	(272.54)	212.42
Cash and Cash Equivalents at the beginning of the year	362.08	149.66
Cash and Cash Equivalents at the end of the year	**89.54**	**362.08**
Notes:		
Components of Cash and Cash Equivalents:		
Cash on hand	2.30	2.29
Balances with banks		
On current accounts	86.75	209.79
On deposit accounts	0.49	150.00
Total Cash and Cash Equivalents	**89.54**	**362.08**

The accompanying notes are an integral part of the financial statements.
As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number : 101049W/E300004

per Vikas Kumar Pansari
Partner
Membership No. 093649

Place : Hyderabad
Date : April 29, 2016

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 29, 2016

G.Venkateswar Reddy
Company Secretary

NOTES

to financial statements for the year ended March 31, 2016

(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, Generic Finished dosage forms (FDF) and Contract Research services to cater to the needs of the global pharmaceutical industry. The Company is equipped with API manufacturing facilities situated in Jawaharlal Nehru Pharma City at Visakhapatnam, FDF Drug manufacturing facility situated in Achyutapuram at Visakhapatnam and a Research and Development Centre situated 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.

2.1 Summary of significant accounting policies

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.

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.

NOTES

to financial statements for the year ended March 31, 2016

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

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 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.

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:

NOTES

to financial statements for the year ended March 31, 2016

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

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 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 agreed milestones are achieved, which are substantiated by the performance of related service work.

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.

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 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.

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

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 are 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 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 operations of the Company are carried out and location of its customers.

Inter-segment transfers

The Company generally accounts for intersegment sales and transfers at cost plus appropriate margins. Inter segment profit/ charge is eliminated on combination of segmental results for the preparation of the accounts of the Company as a whole.

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.

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to financial statements for the year ended March 31, 2016

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

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 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
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.

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3. SHARE CAPITAL

	March 31, 2016	March 31, 2015
Authorised		
24,787,037 (March 31, 2015 : 16,746,097) Equity shares of ₹ 10/- each	247.87	167.46
2,259,060 (March 31, 2015: 6,900,000) 0.001% Compulsorily Convertible Participatory Cumulative Preference shares - Series A of ₹ 10/- each	22.59	69.00
2,477,387 (March 31, 2015 : 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, 2015: 4,153,399) 0.001% Compulsorily Convertible Participatory Cumulative Preference shares - Series C of ₹ 10/- each	41.53	41.53
Total	**914.00**	**880.00**
Issued, Subscribed and Paid Up		
15,767,255 (March 31, 2015 : 15,511,880) Equity share of ₹ 10/- each fully paid up	157.67	155.12
2,259,060 (March 31, 2015 : 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, 2015 : 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, 2015 : 4,153,399) 0.001% Compulsorily Convertible Participatory Cumulative Preference shares - Series C of ₹ 10/- each fully paid up	41.53	41.53
Total	**823.80**	**821.25**

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

	March 31, 2016		March 31, 2015	
	No.	₹	No.	₹
Equity Shares of ₹ 10 Each, Fully paid up				
Balance as per last financial statements	15,511,880	155.12	15,379,755	153.80
Issued during the year - ESOP	255,375	2.55	132,125	1.32
Outstanding at the end of the year	**15,767,255**	**157.67**	**15,511,880**	**155.12**
0.001% Compulsorily Convertible Participatory Cumulative Preference Shares - Series A of ₹ 10/- each fully paid up				
Balance as per last financial statements	2,259,060	22.59	2,259,060	22.59
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				
Balance as per last financial statements	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				
Balance as per last financial statements	4,153,399	41.53	-	-
Issued during the year	-	-	4,153,399	41.53
Outstanding at the end of the year	**4,153,399**	**41.53**	**4,153,399**	**41.53**

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to financial statements for the year ended March 31, 2016

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

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.

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2016, the amount of dividend per share recognized as distribution to equity shareholders was ₹ 2/- (March 31, 2015: ₹ Nil).

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 at par 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.

During the year ended March 31, 2016, the amount of dividend per share recognized as distribution to Series A preference shareholders was ₹ 2.00 (including arrears) (March 31, 2015: ₹ Nil).

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. C.Satyanarayana(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.

During the year ended March 31, 2016, the amount of dividend per share recognized as distribution to Series B preference shareholders was ₹ 2.00 (including arrears) (March 31, 2015: ₹ Nil).

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.

During the year ended March 31, 2016, the amount of dividend per share recognized as distribution to Series C preference shareholders was ₹ 2.00 (including arrears) (March 31, 2015: ₹ Nil).

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.

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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, 2016		March 31, 2015	
	% Holding	No.	% Holding	No.
Equity Shares of ₹ 10/- each Held By				
Dr. C.Satyanarayana	23.69%	3,734,500	24.08%	3,734,500
Bluewater Investment Limited	21.12%	3,330,758	21.47%	3,330,758
FIL Capital Management (Mauritius) Limited	16.44%	2,592,872	16.72%	2,592,872
Mrs.C.Naga Rani	9.89%	1,560,000	10.06%	1,560,000
Dr. Raju S Kalidindi	8.24%	1,300,000	8.38%	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	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	79.66%	1,973,531	79.66%	1,973,531
Dr. C.Satyanarayana	18.61%	460,926	18.61%	460,926
0.001% Compulsorily Convertible Participatory Cumulative Preference Shares - Series C of ₹ 10/- each fully paid up				
Bluewater Investment Limited	100.00%	4,153,399	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, 2016	March 31, 2015
Capital Reserve	17.92	17.92
Securities Premium		
Balance as per last financial statements	4,045.63	1,130.99
Add : Premium on Issue of CCPS	-	2,958.47
Add : transferred from stock options outstanding	25.30	13.27
Less: Share issue expenses	-	57.10
Closing balance	**4,070.93**	**4,045.63**
Employee stock option (Note 30)		
Gross employee stock compensation for options granted in earlier years	50.32	47.59
Add: gross compensation for options granted during the year	91.37	19.09
Less: gross compensation for options forfeited during the year	6.64	3.08
Less: deferred employee stock compensation	83.17	20.88
Less: transfer to securities premium on exercise of stock option	25.30	13.27
Closing balance	**26.58**	**29.45**
Surplus in the Statement of profit and loss		
Balance as per last financial statements	2,377.95	1,642.30
Add : Profit for the year	1,416.16	735.65

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

	March 31, 2016	March 31, 2015
Less: Appropriations		
Proposed final equity dividend (Refer Note 3.2)	31.53	-
Tax on proposed final equity dividend	6.42	-
Proposed dividend on CCPCPS - Series A, Series B and Series C (Refer Note 3.3)	17.81	-
Tax on proposed dividend on CCPCPS - Series A, Series B and Series C	3.63	-
Net surplus in the Statement of profit and loss	**3,734.72**	**2,377.95**
Total Reserves and Surplus	**7,850.15**	**6,470.95**

5. LONG TERM BORROWINGS

	March 31, 2016	March 31, 2015
A) Non Current portion		
Term Loans		
Indian Rupee loans from banks (Secured) (a and c)	3,333.31	2,627.91
Foreign currency loans from banks (Secured) (b and c)	44.31	253.96
Foreign currency loans from banks (Unsecured) (b and e)	1,061.33	-
Buyers Credit (Secured) (b and c)	141.79	133.79
Other Loans and Advances		
Vehicle loans from banks (Secured) (d)	25.54	21.11
Total	**4,606.28**	**3,036.77**
B) Current Maturities		
Term Loans		
Indian Rupee loans from banks (Secured) (a and c)	765.68	698.26
Foreign currency loans from banks (Secured) (b and c)	89.68	144.62
Other Loans and Advances		
Vehicle loans from banks (Secured) (d)	15.72	15.06
Amount disclosed under the head ‘ other current liabilities” (Note 11)	**871.08**	**857.94**

(a) The details of Indian rupee loans from banks are as under:

Name of the Bank	Outstanding As on March 31, 2016	Outstanding As on March 31, 2015	Sanction Amount	No. of Instalments	Commencement of instalments	Rate of Interest
State Bank of India (SBI)	450.00	217.40	450.00	20 quarterly instalments ranging from ₹ 18.00 to ₹ 24.00	December 2016	Base rate plus 2.00% - 2.50% p.a. (March 31, 2015 : Base rate plus 2.00% p.a.)
State Bank of India (SBI)	430.00	490.00	490.00	23 quarterly instalments ranging from ₹ 20.00 to ₹ 22.50	September 2015	Base rate plus 2.50% - 3.20% p.a. (March 31, 2015 : Base rate plus 3.20% p.a.)
State Bank of India (SBI)	127.50	-	300.00	8 quarterly instalments ranging from ₹ 15.00 to ₹ 22.50	June 2016	Base rate plus 3.45% p.a.
Export-Import Bank of India (EXIM)	450.00	490.00	490.00	23 quarterly instalments ranging from ₹ 20.00 to ₹ 22.50	December 2015	Base rate plus 2.00% p.a. (March 31, 2015 : Base rate plus 2.00% p.a.)
Export-Import Bank of India (EXIM)	654.27	820.93	1000.00	18 equal quarterly instalments of ₹ 55.55	September 2014	Base rate plus 2.00% p.a. (March 31, 2015: Base rate plus 2.00% p.a.)

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Name of the Bank	Outstanding As on March 31, 2016	Outstanding As on March 31, 2015	Sanction Amount	No. of Instalments	Commencement of instalments	Rate of Interest
Punjab National Bank (PNB)	1450.00	472.09	1450.00	20 quarterly instalments ranging from ₹ 57.00 to ₹ 76.00	December 2016	Base rate plus 1.75% p.a. (March 31, 2015: Base rate plus 1.75% p.a.)
ICICI Bank (ICICI)	37.22	50.75	67.67	20 quarterly instalments of ₹ 3.38	February 2014	Base rate plus 2.50% p.a. (March 31, 2015 : Base rate plus 2.50% p.a.)
HSBC Bank (HSBC)	500.00	-	500.00	10 quarterly instalments of ₹ 50	September 2016	Base rate plus 0.6% p.a.
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% p.a. (March 31, 2015 : Base rate plus 2.25% p.a.)
IDBI Bank (IDBI)	-	425.00	500.00	12 quarterly instalments ranging from ₹ 37.50 to ₹ 43.75	October 2014	Base rate plus 2.25% p.a. (March 31, 2015 : Base rate plus 2.25% p.a.)

(b) Foreign Currency loans from banks comprise of Long Term Buyer's Credit, Foreign Currency Non Residential Term Loan (FCNR TL) and ECB loan:

Name of the Bank & Nature of Loan	Outstanding As on March 31, 2016	Outstanding As on March 31, 2015	Sanction Amount	No. of Instalments	Commencement of instalments	Rate of Interest
Bank of Bahrain and Kuwait (BBK) - ECB Loan	133.99	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% p.a. (March 31, 2015 : London Inter -Bank Offered Rate (LIBOR) plus 3.50% p.a.)
ICICI Bank (ICICI) - Buyer's Credit	141.79	133.79	US$ 2.14 Mn	Single instalment	April 2017	LIBOR plus 0.74% p.a.(March 31, 2015 : LIBOR plus 0.74% p.a.)
CITI Bank (CITI) - FCNR TL	1061.33	-	US$ 21 Mn	Single instalment	February 2017	LIBOR plus 1.7% p.a. (March 31, 2015 : Nil)
State Bank of India (SBI) - FCNR TL	-	187.52	US$ 3.00 Mn	12 quarterly instalments	June 2015	LIBOR plus 3.25% p.a. (March 31, 2015 : LIBOR plus 3.25% p.a.)

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(c) All Term loans (except ICICI) 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. ICICI Term loan and buyers credit is secured by exclusive charge on the movable machinery/ fixed assets procured from the term loan/Buyers Credit 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.

(e) CITI Bank Term loan is secured by Standby Letter of Credit (SBLC) from Citibank NA, South Africa on behalf of a customer.

6. DEFERRED TAX LIABILITY (NET)

		March 31, 2016	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		630.39	490.28
	(A)	**630.39**	**490.28**
Deferred Tax Asset			
Income tax at the applicable rate on unabsorbed business loss and depreciation		(121.24)	(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		(61.39)	(43.58)
	(B)	**(182.63)**	**(377.28)**
Deferred Tax Liability (Net)	**(A+B)**	**447.76**	**113.00**

7. OTHER LONG TERM LIABILITIES

	March 31, 2016	March 31, 2015
Advances from Customers	441.56	446.58
Total	**441.56**	**446.58**

8. PROVISIONS

		March 31, 2016	March 31, 2015
A)	**Long Term Provisions**		
	Provision for Gratuity (Note 29)	67.71	51.26
	Total	**67.71**	**51.26**
B)	**Short Term Provisions**		
	Provision for Gratuity (Note 29)	6.70	4.16
	Provision for Compensated absences	69.82	50.36
	Provision for Taxation	60.10	37.52
	Proposed final equity dividend	31.53	-
	Provision for tax on proposed final equity dividend	6.42	-
	Proposed dividend on CCPCPS - Series A, Series B and Series C	17.81	-
	Provision for tax on proposed dividend on CCPCPS - Series A, Series B and Series C	3.63	-
	Total	**196.01**	**92.04**

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to financial statements for the year ended March 31, 2016

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9. SHORT TERM BORROWINGS

	March 31, 2016	March 31, 2015
Cash Credits and Working Capital Demand Loan		
Indian Rupee loans from banks (Secured)	3,872.63	2,564.54
Foreign Currency loans from banks (Secured)	-	394.36
Buyers Credit from banks (Secured)	809.56	1,357.45
Total	**4,682.19**	**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%(March 31, 2015: Base rate plus 1% to 2.25%). Buyers credit loan interest ranges from LIBOR plus 0.25% to 0.52%(March 31, 2015: 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, 2016	March 31, 2015
Outstanding dues to micro enterprises and small enterprises (Note 31 for details of the amount due to Micro and Small Enterprises)	5.22	2.73
	5.22	**2.73**
Outstanding dues to creditors other than micro enterprises and small enterprises	2,519.63	2,298.01
	2,519.63	**2,298.01**

11. OTHER CURRENT LIABILITIES

	March 31, 2016	March 31, 2015
Current maturities of long term borrowings (Note 5B)	871.08	857.94
Capital Creditors	303.08	341.18
Interest accrued but not due on borrowings	45.92	40.35
Advances from customers	176.05	52.74
Statutory dues	47.04	39.23
Total	**1,443.17**	**1,331.44**

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(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	Total Intangible Assets (B)	Grand Total (A+B)
Gross Block											
As at April 01, 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	-	-	-	(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
Additions	63.13	34.04	1,447.07*	2,005.85*	70.38	33.19	29.40	3,683.06	21.70	21.70*	3,704.76
Disposals	-	-	-	(1.84)	-	(0.53)	(17.48)	(19.85)	-	-	(19.85)
As at March 31, 2016	355.08	803.46	3,648.44	8,083.70	302.37	127.18	94.25	13,414.48	112.64	112.64	13,527.12
Depreciation/Amortisation											
As at April 01, 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	-	-	-	(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
Charge for the year	9.18	-	112.16	713.86	28.57	17.00	15.93	896.70	18.97	18.97	915.67
Disposals	-	-	-	(0.04)	-	(0.53)	(10.63)	(11.20)	-	-	(11.20)
As at March 31, 2016	39.55	-	338.94	2,042.19	162.17	71.93	37.85	2,692.63	48.76	48.76	2,741.39
Net Block											
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
As at March 31, 2016	315.53	803.46	3,309.50	6,041.51	140.20	55.25	56.40	10,721.85	63.88	63.88	10,785.73

Capital Work in Progress (including expenditure during construction period - note 42) : ₹ 696.00 (March 31, 2015 ₹ 1,072.54).

Notes:

* includes expenditure during the construction period amounting to ₹ 35.74 (March 31,2015 ₹ 32.47 (Note 42)).

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to financial statements for the year ended March 31, 2016

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

13. NON CURRENT INVESTMENTS

	March 31, 2016	March 31, 2015
Non-trade investments (valued at cost unless stated otherwise) (unquoted)		
Investment in subsidiaries		
2,454,059 (March 31, 2015 : 2,454,059) Equity Shares of ₹ 10 each fully paid-up in Viziphar Biosciences Private Limited (At cost less provision for other than temporary diminution ₹ 4.55 (March 31, 2015 : ₹ 4.55))	-	-
30,000 (March 31, 2015 : 19,000) Equity Shares of US$ 100 each fully paid-up in Laurus Synthesis Inc.	189.26	119.13
Investment in Associate		
3,834,908 (March 31, 2015 : 3,834,908) Equity Shares of ₹ 10 each of Sriam Labs Private Limited	71.98	71.98
Total	**261.24**	**191.11**

14. LOANS AND ADVANCES

		March 31, 2016	March 31, 2015
A)	**Long Term (Unsecured, Considered Good unless otherwise stated)**		
	Capital Advances	207.61	250.42
	Security Deposit	71.09	42.08
	Advances Recoverable in Cash or Kind		
	Advances Recoverable in cash or kind (including doubtful advances ₹ 1.06 (March 31, 2015: ₹ 1.64)	1.06	22.90
	Other Loans and Advances		
	Prepaid expenses	1.08	-
	Advance Tax	0.39	0.39
	Minimum Alternate Tax Credit Entitlement	989.58	633.98
	Tax paid under protest	7.05	7.05
		1,277.86	956.82
	Less: Provision for doubtful advances	(1.06)	(1.64)
	Total	**1,276.80**	**955.18**
B)	**Short Term (Unsecured, Considered Good unless otherwise stated)**		
	Advances Recoverable in cash or kind	68.27	112.91
	Loans and advances to related parties (including doubtful advances ₹ Nil (March 31, 2015: ₹ 0.50) (note 34)	36.33	5.05
	Other Loans and Advances		
	Loans and Advances to Employees	5.83	2.68
	Prepaid expenses	56.77	82.59
	Balances with Statutory/Government Authorities	127.05	106.63
		294.25	309.86
	Less: Provision for doubtful advances	-	(0.50)
	Total	**294.25**	**309.36**

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to financial statements for the year ended March 31, 2016

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

15. OTHER ASSETS

		March 31, 2016	March 31, 2015
A)	**Other Non Current Assets (Unsecured, considered good unless stated otherwise)**		
	Non Current Bank Deposits (Note 18)	7.19	75.37
	Interest Accrued on Deposits	0.47	5.94
	Unamortised processing fee	8.88	16.38
	Export and other incentives receivable	73.90	41.93
	Total	**90.44**	**139.62**
B)	**Other Current Assets (Unsecured, considered good unless stated otherwise)**		
	Interest Accrued on Deposits	10.39	8.52
	Insurance claim receivable	29.85	85.38
	Unamortised processing fee	5.57	8.88
	Export and other incentives receivable	115.51	20.98
	Others	0.78	22.47
		162.70	146.23
	Less: Provision for insurance claim receivable	(29.85)	-
	Total	**132.25**	**146.23**

16. INVENTORIES

	March 31, 2016	March 31, 2015
(At lower of cost and net realisable value)		
Raw Materials [including Port Stock and Stock in transit ₹ 787.95 (March 31, 2015: ₹ 1,086.48)]	2,182.40	2,310.94
Work-in-progress	1,408.01	1,464.25
Finished Goods	1,222.06	915.04
Stores, spares and packing materials	58.46	64.73
Total	**4,870.93**	**4,754.96**

17. TRADE RECEIVABLES

	March 31, 2016	March 31, 2015
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, Considered Good	63.70	18.58
Doubtful	-	4.74
	63.70	23.32
Less: Provision for doubtful receivables	-	(4.74)
	63.70	18.58
Other Receivables		
Unsecured, Considered Good	4,373.31	2,831.87
	4,373.31	2,831.87
Total	**4,437.01**	**2,850.45**

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to financial statements for the year ended March 31, 2016

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

18. CASH AND BANK BALANCES

	March 31, 2016	March 31, 2015
Cash and Cash Equivalents		
Balances with Banks		
- On Current Accounts	86.75	209.79
- Deposits with original maturity of less than three months	0.49	150.00
Cash on Hand	2.30	2.29
Other Bank Balances		
On Deposit Accounts		
- Remaining maturity for more than twelve months	7.19	75.37
- Remaining maturity for less than twelve months	149.29	193.56
	156.48	268.93
Less : Amount disclosed under Other Assets (Note 15)	(7.19)	(75.37)
Total	**238.83**	**555.64**

Deposits with a carrying amount of ₹ 156.48 (March 31, 2015: ₹ 268.93) are towards margin money given for letter of credit and bank guarantees.

19. REVENUE FROM OPERATIONS

		For the year ended March 31, 2016	For the year ended March 31, 2015
Sale of Products			
Income from Sale of API and Intermediates		17,487.02	13,121.05
Income from Sale of Traded goods		161.37	69.27
	(A)	**17,648.39**	**13,190.32**
Sale of Services			
Contract research services		211.39	63.29
	(B)	**211.39**	**63.29**
Other Operating Revenue			
Sale of Scrap		13.92	8.70
Export and other Incentives		162.14	29.85
Others		106.60	84.31
	(C)	**282.66**	**122.86**
Revenue from Operations (Gross)	**(A+B+C)**	**18,142.44**	**13,376.47**
Less: Excise Duty		334.08	113.34
Revenue from Operations (Net)		**17,808.36**	**13,263.13**
Details of sale of traded goods			
Traded Goods			
Sodium metal		25.76	-
Pivaloyl Chloride		15.64	-
Propiophenone		15.24	-
Sodium Borohydride		14.18	-
Pyrrolidine		10.15	-
Lithium metal		-	17.51
2-Methyl THF		2.50	12.44
Tetrahydrofuran		-	10.88
Others		77.90	28.44
Total of Products Sold		**161.37**	**69.27**

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to financial statements for the year ended March 31, 2016

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

20. OTHER INCOME

	For the year ended March 31, 2016	For the year ended March 31, 2015
Interest Income on		
Deposits and Margin money	20.70	19.99
Others	2.90	1.66
Net Gain on Foreign Exchange Fluctuations	46.40	181.89
Insurance Claim Receivable	-	118.07
Profit on Sale of Assets (net)	-	0.16
Reversal of provision for doubtful advance and receivables (Net)	5.32	-
Liabilities no longer required written back	-	16.45
Miscellaneous Income	0.47	2.45
Total	**75.79**	**340.67**

21. COST OF MATERIALS CONSUMED

		For the year ended March 31, 2016	For the year ended March 31, 2015
Raw Materials Consumed			
Opening stock at the beginning of the year		2,310.94	1,688.16
Add : Purchases		10,003.44	9,643.00
Less : Sale of materials		67.03	24.93
		12,247.35	**11,306.23**
Less : Closing stock at the end of the year		2,182.40	2,310.94
	(A)	**10,064.95**	**8,995.29**
Packing Materials Consumed	**(B)**	80.11	70.94
Total	**(A+B)**	**10,145.06**	**9,066.23**

Details of Materials Consumed

	For the year ended March 31, 2016	For the year ended March 31, 2015
4-Chloro-2-trifluoracetylaniline	2,339.45	2,325.64
Cyclopropyl acetylene	1,122.23	1,034.54
L-Menthyl emtricitabine	706.35	754.96
Adenine	651.23	316.49
Diethyl Tosyloxy Methyl Phosphonate	368.73	202.75
Others	4,876.96	4,360.91
Total	**10,064.95**	**8,995.29**

Details of Closing Inventory of Raw Material

	For the year ended March 31, 2016	For the year ended March 31, 2015
4-Chloro-2-trifluoracetylaniline	347.93	449.64
Cyclopropyl acetylene	341.00	202.74
2,2,2,trifluoro Ethanol	132.43	32.99
(1R,2S),-Pyrrolidinylnorephidrine	125.26	82.17
(2S,5R) - 5 - Fluorocytosine - 1YL - (1,3) - Oxathiolan	86.31	58.54
Tetrahydrofuran	89.19	163.00
Others	1,060.28	1,321.86
Total	**2,182.40**	**2,310.94**

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to financial statements for the year ended March 31, 2016

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

22. PURCHASES OF TRADED GOODS

	For the year ended March 31, 2016	For the year ended March 31, 2015
Sodium metal	25.06	-
Pivaloyl Chloride	15.31	-
Propiophenone	14.54	-
Sodium Borohydride	13.91	-
Pyrrolidine	10.65	-
Lithium metal	-	14.22
2-Methyl THF	3.70	12.44
Tetrahydrofuran	-	9.35
Others	66.33	25.84
Total	**149.50**	**61.85**

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

	For the year ended March 31, 2016	For the year ended March 31, 2015	(Increase)/ Decrease for the year ended March 31, 2016
Opening stock of inventories			
Finished goods of API and Intermediates	915.04	472.53	(442.51)
Work-in-Progress of API and Intermediates	1,464.25	1,062.23	(402.02)
	2,379.29	**1,534.76**	**(844.53)**
Closing stock of inventories			
Finished goods of API and Intermediates	1,222.06	915.04	(307.02)
Work-in-Progress of API and Intermediates	1,408.01	1,464.25	56.24
	2,630.07	**2,379.29**	**(250.78)**
Increase in inventories	**(250.78)**	**(844.53)**	

24. OTHER MANUFACTURING EXPENSES

	For the year ended March 31, 2016	For the year ended March 31, 2015
Consumption of stores and spares	174.01	123.71
Conversion charges	302.35	251.36
Factory maintenance	185.86	144.05
Effluent treatment expenses	132.63	113.06
Power and Fuel	569.72	498.52
Repairs & maintenance		
Plant and machinery	100.81	66.09
Buildings	17.86	11.59
Others	1.56	3.15
Product development	178.56	6.96
Others	26.93	13.75
Total	**1,690.29**	**1,232.24**

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to financial statements for the year ended March 31, 2016

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

25. EMPLOYEE BENEFITS EXPENSES

	For the year ended March 31, 2016	For the year ended March 31, 2015
Salaries, allowances and wages	1,299.50	1,009.73
Contribution to provident fund and other funds	66.59	56.38
Gratuity expense (Note 29)	23.49	15.98
Employee Stock Option Charge	22.43	9.10
Managerial remuneration	130.58	68.14
Recruitment and training	10.31	11.23
Staff welfare expenses	159.28	124.14
Total	**1,712.18**	**1,294.70**

26. OPERATING AND SELLING EXPENSES

	For the year ended March 31, 2016	For the year ended March 31, 2015
Rent	26.74	21.28
Rates and taxes	35.39	27.45
Office maintenance	16.93	16.51
Insurance	48.78	43.10
Printing and stationery	13.56	12.81
Consultancy and other professional charges	64.99	60.92
Membership and subscription	20.69	11.87
Remuneration to auditors		
- Audit Fee	4.10	3.30
- Tax audit fee	0.40	0.40
- Other services	0.17	0.15
- Out of pocket expenses	0.07	0.06
Travelling and conveyance	53.44	41.27
Communication expenses	14.95	12.64
Loss on sale of fixed assets (net)	2.98	-
Advances and bad debts written off (Net of provision of ₹ 0.05)	18.86	0.99
Provision for doubtful advance and receivables	-	0.76
Provision for diminution in value of investments (note 13)	-	4.55
Provision for Insurance claim receivable	29.85	-
Carriage outwards	63.32	63.04
Commission on sales	50.98	12.73
Royalty	15.59	-
Other selling expenses	11.13	9.62
Business Promotion and Advertisement	49.47	36.03
CSR Expenditure (note 43)	27.02	16.87
Donations	0.90	0.46
Miscellaneous expenses	1.43	1.71
Total	**571.74**	**398.52**

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to financial statements for the year ended March 31, 2016

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

27. FINANCE EXPENSES

	For the year ended March 31, 2016	For the year ended March 31, 2015
Interest		
- on Term loans	476.66	360.85
- on working capital loans	493.33	444.49
- on others	16.32	6.61
Premium on forward contracts amortised	89.16	100.98
Bank charges	72.92	98.16
Exchange Difference to the extent considered as an adjustment to borrowing costs	51.18	50.48
Total	**1,199.57**	**1,061.57**

28. EARNINGS PER SHARE (EPS)

	For the year ended March 31, 2016	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	1,416.16	735.65
Less: Preference dividend and tax thereon	21.41	0.01
Profit available for Equity shareholders	1,394.75	735.64
Weighted average number of equity shares in calculating basic EPS	15,644,494	15,444,500
Add: Effect of dilution		
Convertible preference shares	8,889,846	6,488,840
Stock options granted under ESOP	64,068	240,767
Weighted Average number of Equity Shares in computing diluted earnings per share	24,598,408	22,174,107
Face value of each equity share (₹)	10.00	10.00
Earnings per share		
- Basic (₹)	89.15	47.63
- Diluted (₹)	57.57	33.18

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to financial statements for the year ended March 31, 2016

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

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, 2016	March 31, 2015
Profit and Loss account		
i. Net employee benefit expense (recognised in Employee benefits expenses)		
Current service cost	6.67	5.18
Interest cost	4.55	3.49
Expected return on plan assets	(0.05)	(0.10)
Net actuarial(gain) / loss recognised in the year	12.32	7.41
Net employee benefit expenses	**23.49**	**15.98**
Actual return on plan asset	(0.05)	(0.10)
Amount recognised in the Balance Sheet		
Defined benefit obligation	74.90	56.87
Fair value of plan assets	0.49	1.45
	74.41	**55.42**
Changes in the present value of the defined benefit obligation		
Opening defined benefit obligation	56.87	43.68
Current service cost	6.67	5.18
Interest cost	4.55	3.49
Benefits paid	(5.51)	(2.89)
Actuarial (gains) / losses on obligation	12.32	7.41
Closing defined benefit obligation	**74.90**	**56.87**
Change in the fair value of plan assets		
Opening fair value of plan assets	1.45	1.25
Expected return on plan assets	0.05	0.10
Contributions	4.50	2.99
Benefits paid	(5.51)	(2.89)
Closing fair value of plan assets	**0.49**	**1.45**

The Company expects to contribute ₹ 7.50 to the gratuity fund in the year 2016-17 (March 31, 2015: ₹ 5.00) against the short term liability of ₹ 6.70 (March 31, 2015: ₹ 4.16) as per the actuarial valuation.

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

	March 31, 2016	March 31, 2015
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, 2016	March 31, 2015
Discount rate	8.00%	8.00%
Expected rate of return on assets	8.50%	8.50%
Salary rise	16.00%	15.00%
Attrition Rate		
Pharmaceuticals	12.00%	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.

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to financial statements for the year ended March 31, 2016

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

Defined Contribution Plan

	March 31, 2016	March 31, 2015
Contribution to Provident Fund	60.54	50.41
Contribution to Superannuation Fund	7.18	6.44

Amounts for the current and previous four periods are as follows:

Particulars	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Defined benefit obligation	74.90	56.87	43.68	33.34	20.37
Plan assets	0.49	1.45	1.25	1.79	0.93
Surplus / (deficit)	74.41	55.42	42.43	31.55	19.44
Experience adjustments on plan liabilities	5.29	-	-	-	-
Experience adjustments on plan assets	-	-	-	-	-

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
Grant V	177,188	19-Sep-17	19-Sep-18	19-Sep-19

Date of Grant	Number of options Granted	Exercise price	Weighted Average Fair value of option at grant date
September 19, 2011	553,000	10	105.96
December 31, 2012	28,000	10	163.94
September 19, 2013	38,500	10	175.94
September 19, 2014	75,500	10	262.84
September 19, 2015	177,188	10	525.65

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

	March 31, 2016 No. of options	March 31, 2015 No. of options
Outstanding at the beginning of the year	377,000	453,375
Granted during the year	177,188	75,500
Forfeited during the year	38,500	19,750
Exercised during the year	255,375	132,125
Outstanding at the end of the year	260,313	377,000
Exercisable at the end of the year	-	5,000

For options exercised during the period, the weighted average share price at the exercise date was ₹ 385.64 per share (31 March 2015: ₹ 267.91 per share).

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to financial statements for the year ended March 31, 2016

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

The weighted average remaining contractual life for the stock options outstanding as at 31 March 2016 is 4.00 years (31 March 2015: 2.24 years). The range of exercise prices for options outstanding at the end of the year was ₹ 10 (31 March 2015: ₹ 10).

The weighted average fair value of stock options granted during the year was ₹ 525.65 (31 March 2015: ₹ 262.84). The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	March 31, 2016				
	Grant V	Grant IV	Grant III	Grant II	Grant I
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%
Expected volatility	0.00%	0.00%	0.00%	0.00%	0.00%
Risk-free interest rate	7.71%	8.56%	8.47%	8.01%	8.34%
Weighted average share price of ₹	533.00	269.97	183.10	171.22	113.15
Exercise price of ₹	10.00	10.00	10.00	10.00	10.00
Expected life of options granted in years	3.51	3.50	3.50	3.50	3.51

	March 31, 2015			
	Grant IV	Grant III	Grant II	Grant I
Dividend yield	0.0%	0.00%	0.00%	0.00%
Expected volatility	0.0%	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	183.10	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. TRADE PAYABLES (DETAILS OF DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES AS PER MSMED ACT,2006):

	March 31, 2016	March 31, 2015
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	5.22	2.73
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	-	-

32. 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.

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to financial statements for the year ended March 31, 2016

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

33. RESEARCH AND DEVELOPMENT

i) **Details of Revenue expenditure:**

	March 31, 2016	March 31, 2015
Cost of Materials Consumed		
Raw Materials Consumed	172.09	117.85
Other Manufacturing Expenses		
Factory maintenance	1.08	0.94
Effluent treatment expenses	1.73	1.07
Power and Fuel	15.42	16.16
Product development	167.68	6.96
Others	22.47	11.97
Employee Benefits Expenses		
Salaries, allowances and wages	268.52	225.97
Contribution to provident fund and other funds	16.97	15.06
Staff welfare expenses	24.54	21.99
Operating and Selling Expenses		
Rates and taxes	17.08	12.28
Insurance	4.24	3.95
Membership and subscription	6.33	2.30
Consultancy and other professional charges	24.99	17.13
Depreciation and Amortisation	53.01	44.32
Total	**796.15**	**497.95**

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, 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
Additions	-	110.37	-	-	110.37	-	-	110.37
Disposals/Adjustments	-	-	-	-	-	-	-	-
As at March 31, 2016	79.12	493.63	97.76	1.92	672.43	1.45	1.45	673.88
Depreciation/Amortisation								
As at April 01, 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
Charge for the year	2.64	40.57	9.77	0.03	53.01	-	-	53.01
Disposals/Adjustments	-	-	-	-	-	-	-	-
As at March 31, 2016	23.03	215.57	86.52	1.90	327.02	1.45	1.45	328.47
Net Block								
As at March 31, 2015	58.73	208.26	21.01	0.05	288.05	-	-	288.05
As at March 31, 2016	56.09	278.06	11.24	0.02	345.41	-	-	345.41

NOTES
to financial statements for the year ended March 31, 2016

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

34. 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 December 08, 2014

effective from April 25, 2014

* Cease to exercise significant influence from October 29, 2014

** effective from October 29, 2014

Transactions during the year:

			March 31, 2016	March 31, 2015
a)	**Company which exercises significant influence**			
	i)	Bluewater Investment Limited		
		Issue of Preference Shares including Securities Premium	-	30,000.00
b)	**Subsidiary Companies**			
	i)	Viziphar Biosciences Private Limited		
		Advances given	-	2.34
		Provision for diminution in value of Investments	-	4.55
		Provision for doubtful advance and receivables	-	0.05
		Advances written off (net of provision)	2.30	-
		Advances recovered	1.00	1.54
	ii)	Laurus Synthesis Inc.		
		Investments made	70.13	119.13
		Reimbursement of expenses	-	1.25
		Contract research services	16.35	-
		Product development expenses	153.88	-
		Business promotion	16.93	-
		Commission	2.42	-

NOTES
to financial statements for the year ended March 31, 2016

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

			March 31, 2016	March 31, 2015
c)	Associate Company			
	i)	Sriam Labs Private Limited		
		Investments made	-	71.98
		Advance given	35.00	
		Conversion Charges	7.95	5.10
		Purchase of goods	160.26	309.43
		Sale of goods	4.83	0.59
		Sale of assets	1.19	1.65
d)	Company where control exists			
	i)	Laurus Infosystems (India) Private Limited		
		Software Maintenance	19.19	12.81
e)	Key Management Personnel			
	i)	Dr. C. Satyanarayana		
		Remuneration	77.03	33.61
	ii)	Dr. Raju S Kalidindi		
		Remuneration	23.04	13.50
	iii)	Mr. V.V. Ravi Kumar		
		Remuneration	23.04	13.50
		Rent	0.63	0.53
f)	Relatives of Key Management Personnel			
	i)	Mr. C. Narasimha Rao		
		Remuneration	4.13	3.08
	ii)	Mr. C. Chandrakanth		
		Remuneration	6.35	4.82
	ii)	Mrs. C. Soumya		
		Rent	1.25	1.05
Closing Balances - Debit/ (Credit)				
a)	Subsidiary Companies			
	i)	Viziphar Biosciences Private Limited		
		Short term loans & advances	-	3.75
	ii)	Laurus Synthesis Inc.		
		Disclosed under short term loans & advances	1.33	1.25
		Disclosed under trade payables	63.76	-
		Disclosed under trade receievables	16.74	-
b)	Associate Company			
	i)	Sriam Labs Private Limited		
		Disclosed under short term loans & advances	35.00	-
		Disclosed under trade payables	1.87	78.88
c)	Company where control exists			
	i)	Laurus Infosystems (India) Private Limited		
		Trade Payables	1.75	-
d)	Key Management Personnel			
	i)	Dr. C. Satyanarayana*		
		Remuneration payable	38.50	-
	ii)	Dr. Raju S Kalidindi*		
		Remuneration payable	7.70	-
	i)	Mr. V. V. Ravi Kumar		
		Remuneration payable	7.70	-
		Rent Payable	0.05	0.09

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to financial statements for the year ended March 31, 2016

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

			March 31, 2016	March 31, 2015
e)	Relatives of Key Management Personnel			
	i)	Mr. C. Narasimha Rao		
		Remuneration payable	0.87	0.50
	ii)	Mr. C. Chandrakanth		
		Remuneration payable	1.42	0.86
	iii)	Mrs. C. Soumya		
		Rent Payable	0.10	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 ₹ 9,056.96 (March 31,2015: ₹ 8,173.70)

The Company has provided a corporate guarantee for ₹ 132.67 in the form of Standby Letter of Credit (SBLC) to Citi Bank NA for the loan obtained by Laurus Synthesis Inc., which shall be utilised for business purposes.

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.

35. FORWARD CONTRACTS

a) **Forward contract outstanding as at Balance Sheet date**

March 31, 2016 Buy US $ 12,918,777 — Hedging of loan and creditors

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

	Currency	March 31, 2016			March 31, 2015		
		Amount in Foreign Currency	Amount in ₹	Conversion Rate	Amount in Foreign Currency	Amount in ₹	Conversion Rate
Secured loans	USD	3,455,240	229.20	66.33	9,677,039	605.69	62.59
Unsecured loans	USD	16,000,000	1,061.33	66.33	-	-	-
Interest accrued but not due on borrowings	USD	41,053	2.72	66.33	12,715	0.80	62.59
Trade payables	USD	22,418,399	1,487.08	66.33	14,276,948	893.61	62.59
	EURO	537,808	40.39	75.10	197,321	13.32	67.51
	GBP	9,982	0.95	95.09	1,200	0.11	92.46
Capital creditors	USD	-	-	66.33	250	0.02	62.59
	GBP	-	-	95.09	6,136	0.57	92.46
	CHF	2,147	0.15	68.54	-	-	-
Trade receivables	USD	11,187,721	742.11	66.33	9,617,995	602.00	62.59
	EURO	816,892	61.34	75.10	1,672,162	112.89	67.51
Cash & Bank	USD	1,240,991	82.32	66.33	1,724,426	107.93	62.59
Advances from customers	USD	1,728,828	114.68	66.33	49,844	3.12	62.59
	EURO	6,615,000	496.76	75.10	7,350,000	496.20	67.51
Advances recoverable in cash or kind	USD	172,619	11.45	66.33	349,592	21.88	62.59
	EURO	176,845	13.28	75.10	238,987	16.13	67.51
	GBP	13,750	1.31	95.09	21,043	1.95	92.46
	CHF	-	-	-	6,313	0.41	64.83
	CNY	-	-	-	4,120	0.04	10.20
	JPY	-	-	-	505,000	0.26	0.52
	ZAR	-	-	-	330	0.00*	5.17
	HKD	-	-	-	90	0.00*	8.06

* Amount less than Indian Rupees 10,000

NOTES
to financial statements for the year ended March 31, 2016

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

36. CAPITAL AND OTHER COMMITMENTS

	March 31, 2016	March 31, 2015
Estimated amount of contracts remaining to be executed on capital account and not provided for	1,179.00	1,223.00
Other commitments	Nil	Nil

37. CONTINGENT LIABILITIES

		March 31, 2016	March 31, 2015
a)	Outstanding bank guarantees (excluding performance obligations)	50.15	56.29
b)	Bills discounted	477.27	1,780.12
c)	Demand for direct taxes under appeal *	10.10	10.10
d)	Corporate guarantee	132.67	-
e)	Preference dividend	-	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, 1961 of ₹ 10.10 (March 31,2015: ₹ 10.10). As against the same, the Company has paid tax under protest for ₹ 7.05 (March 31, 2015: ₹ 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.

38. CIF VALUE OF IMPORTS

	March 31, 2016	March 31, 2015
Raw Materials (including traded goods)	7,938.72	7,539.28
Stores and Spares	21.87	7.74
Capital Goods	302.41	404.57
	8,263.00	**7,951.59**

39. EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)

	March 31, 2016	March 31, 2015
Legal and professional charges	26.11	21.09
Finance costs	27.98	25.48
Product Development	160.18	-
Commission on export sales	35.64	8.75
Salaries	18.87	20.72
Business promotion and advertisement	41.31	28.96
Membership and Subscriptions	12.93	10.07
Travelling Expenses	7.61	4.04
Rates and taxes	17.62	17.80
Others	9.82	12.10
	358.07	**149.01**

NOTES

to financial statements for the year ended March 31, 2016

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

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

	March 31, 2016		March 31, 2015	
	% of Total consumption	₹ Million	% of Total consumption	₹ Million
Raw Materials				
Imported	77.87%	7,837.10	77.61%	6,981.42
Indigenous	22.13%	2,227.85	22.39%	2,013.86
	100.00%	**10,064.95**	**100.00%**	**8,995.28**
Packing Material				
Imported	0.00%	-	0.00%	-
Indigenous	100.00%	80.11	100.00%	70.94
	100.00%	**80.11**	**100.00%**	**70.94**
Stores and spares				
Imported	13.07%	22.75	6.36%	7.87
Indigenous	86.93%	151.26	93.64%	115.84
	100.00%	**174.01**	**100.00%**	**123.71**

41. EARNINGS IN FOREIGN EXCHANGE

	March 31, 2016	March 31, 2015
API and Contract Research Services	6,501.06	4,996.08
	6,501.06	**4,996.08**

42. EXPENDITURE DURING CONSTRUCTION PERIOD (PENDING ALLOCATION)

	March 31, 2016	March 31, 2015
Opening Balance	24.50	16.83
Add:		
Rates and Taxes	-	9.32
Power and fuel	8.57	20.58
Rent	2.14	3.28
Factory maintenance	3.35	5.06
Insurance	0.34	1.61
Others	0.51	0.29
Less:		
Capitalised during the year	35.74	32.47
	3.67	**24.50**

NOTES

to financial statements for the year ended March 31, 2016

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

43. DETAILS OF CSR EXPENDITURE

			March 31, 2016	March 31, 2015
a)	Gross amount required to be spent by the Company during the year		18.79	15.43
(b)	Amount spent during the year ending on 31st March, 2016:	In cash	Yet to be paid in cash	Total
	(i) Construction/acquisition of any asset	-	-	-
	(ii) On purposes other than (i) above	27.02	-	27.02
(c	Amount spent during the year ending on 31st March, 2015:	In cash	Yet to be paid in cash	Total
	(i) Construction/acquisition of any asset	3.80	-	3.80
	(ii) On purposes other than (i) above	13.07	-	13.07

44. Previous year figures have been regrouped/ reclassified, wherever necessary, to conform to this year's classification.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number : 101049W/E300004

per Vikas Kumar Pansari
Partner
Membership No. 093649

Place : Hyderabad
Date : April 29, 2016

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 29, 2016

G.Venkateswar Reddy
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 (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate, comprising of the consolidated Balance Sheet as at March 31, 2016, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") 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. The respective Board of Directors of the companies included in the Group and of its associate are responsible for 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; the 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph (a) of the Other Matters below, 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 and its associate as at March 31, 2016, their consolidated profit, and their 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, to the extent applicable, that:

(a) We / the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

(b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

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

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the auditors who are appointed under Section 139 of the Act, of its subsidiary companies and associate company incorporated in India, none of the directors of the Group's companies and its associate incorporated in India is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies and associate company incorporated in India, refer to our separate report in "Annexure 1" to this report; and;

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

    i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and its associate – Refer Note 36 (c) to the consolidated financial statements;

    ii. The Group and its associate did not have any material foreseeable losses in long-term contracts including derivative contracts.

    iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries and its associate incorporated in India.

OTHER MATTER

(a) The accompanying consolidated financial statements include total assets of ₹ 154.22 million as at March 31, 2016, and total revenues and net cash inflows of ₹ 29.36 million and ₹ 5.32 million for the year ended on that date, in respect of two of its subsidiaries, which have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. The consolidated financial statements also include the Company's share of net loss of ₹ 4.02 million for the year ended March 31, 2016, as considered in the consolidated financial statements, in respect of its associate, whose financial statements, other financial information have been audited by other auditor and whose report has been furnished to us by the Management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and its associate, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, and its associate, is based solely on the reports of such other auditors.

Our opinion on the consolidated financial statements, and our Report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Vikas Kumar Pansari
Partner
Membership Number: 093649

Place of Signature: Hyderabad
Date: April 29, 2016

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF LAURUS LABS PRIVATE LIMTED

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

To
The Members of
Laurus Labs Private Limited

In conjunction with our audit of the consolidated financial statements of Laurus Labs Private Limited as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of Laurus Labs Private Limited (hereinafter referred to as the "Holding Company") and its subsidiary company and its associate company, which are companies incorporated in India, as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITOR'S RESPONSIBILITY

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OPINION

In our opinion, the Holding Company, its subsidiary company and its associate company, which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

OTHER MATTERS

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, insofar as it relates to these one subsidiary company and one associate company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary and associate company incorporated in India.

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Vikas Kumar Pansari
Partner
Membership Number: 093649

Place of Signature: Hyderabad
Date: April 29, 2016

CONSOLIDATED BALANCE SHEET

as at March 31, 2016

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

	Notes	March 31, 2016	March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	823.80	821.25
Reserves and Surplus	4	7,694.39	6,419.27
		8,518.19	**7,240.52**
Non Current Liabilities			
Long Term Borrowings	5A	4,606.28	3,036.77
Deferred Tax Liability (Net)	6	447.76	113.00
Other Long Term Liabilities	7	441.56	446.58
Long Term Provisions	8A	67.71	51.26
		5,563.31	**3,647.61**
Current Liabilities			
Short Term Borrowings	9	4,814.19	4,316.35
Trade Payables	10		
Outstanding dues to micro enterprises and small enterprises		5.22	2.73
Outstanding dues to creditors other than micro enterprises and small enterprises		2,488.15	2,305.36
Other Current Liabilities	11	1,445.37	1,333.43
Short Term Provisions	8B	196.03	92.04
		8,948.96	**8,049.91**
Total		**23,030.46**	**18,938.04**
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible Assets	12	10,792.59	7,948.99
Intangible Assets		63.88	61.15
Capital Work in Progress	12	696.00	1,096.69
Non Current Investments	13	70.45	74.47
Long Term Loans and Advances	14A	1,286.31	964.48
Other Non Current Assets	15A	90.56	139.73
		12,999.79	**10,285.51**
Current Assets			
Inventories	16	4,870.93	4,754.96
Trade Receivables	17	4,448.57	2,850.66
Cash and Bank Balances	18	277.35	588.85
Short Term Loans and Advances	14B	301.57	311.83
Other Current Assets	15B	132.25	146.23
		10,030.67	**8,652.53**
Total		**23,030.46**	**18,938.04**
Summary of significant accounting policies	2		

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

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number : 101049W/E300004

per Vikas Kumar Pansari
Partner
Membership No. 093649

Place : Hyderabad
Date : April 29, 2016

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 29, 2016

G. Venkateswar Reddy
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2016

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

		Notes	March 31, 2016	March 31, 2015
I.	**INCOME**			
	Revenue from Operations (Gross)	19	18,171.80	13,379.24
	Less: Excise Duty		334.08	113.34
	Revenue from Operations (Net)		**17,837.72**	**13,265.90**
	Other Income	20	75.93	340.71
	Total Revenue (I)		**17,913.65**	**13,606.61**
II.	**EXPENSES**			
	Cost of Materials Consumed	21	10,182.88	9,066.30
	Purchase of Traded Goods	22	149.50	61.85
	Increase in Inventories of Finished Goods and Work-in-Progress	23	(250.78)	(844.53)
	Other Manufacturing Expenses	24	1,553.56	1,232.39
	Employee Benefits Expenses	25	1,897.49	1,328.20
	Operating and Selling Expenses	26	613.10	419.15
	Total Expenses (II)		**14,145.75**	**11,263.36**
III.	**Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) (I-II)**		**3,767.90**	**2,343.25**
	Depreciation and Amortisation	12	921.88	615.26
	Finance Expenses	27	1,200.25	1,061.57
IV.	**Profit Before Tax**		**1,645.77**	**666.42**
V.	**Tax Expense**			
	Current Tax (including taxes for earlier years ₹ (25.04) (March 31, 2015: ₹ 14.33))		355.62	166.58
	Minimum Alternate Tax credit entitlement (including taxes for earlier years ₹ (25.04) (March 31, 2015: ₹ 14.33))		(355.62)	(166.58)
	Deferred Tax Charge/ (Credit)		334.76	(15.26)
	Total Tax Expense /(Credit)		**334.76**	**(15.26)**
	Share of results of associate		(4.02)	2.49
VI.	**Profit for the year**		**1,306.99**	**684.17**
	Earnings Per Equity Share ₹ 10 each fully paid	28		
	Computed on the basis of total profit for the year			
	Basic (₹)		82.17	44.30
	Diluted (₹)		53.13	30.86
	Summary of Significant Accounting Policies	2		

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

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number : 101049W/E300004

per Vikas Kumar Pansari
Partner
Membership No. 093649

Place : Hyderabad
Date : April 29, 2016

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 29, 2016

G.Venkateswar Reddy
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2016

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

Particulars	March 31, 2016	March 31, 2015
Profit Before Tax and share of associate	**1,645.77**	**666.42**
Adjustments for :		
Depreciation and amortisation	921.88	615.26
Loss/ (profit) on sale of fixed assets (net)	2.98	(0.16)
Interest income	(23.60)	(21.69)
Interest expense	1,038.13	862.43
Employee Stock Option Charge	22.43	9.10
Net gain on foreign exchange fluctuations (unrealised)	55.05	(116.81)
Liabilities no longer required written back	-	(16.45)
Impairment of goodwill on consolidation	-	3.39
Advances and bad debts written off (Net)	16.56	0.99
Provision for/(Reversal of) doubtful advance and receivables	(5.32)	0.26
Provision for Insurance claim receivable	29.85	-
Gratuity and compensated absences	38.45	25.76
Operating Profit Before Working Capital Changes	**3,742.18**	**2,028.50**
Foreign currency translation adjustments	1.32	(0.20)
Movement In Working Capital:		
Increase in inventories	(115.96)	(1,473.99)
Increase in trade receivables	(1,611.64)	(897.41)
Increase in long term loans and advances	(8.26)	(43.86)
(Increase)/ Decrease in short term loans and advances	13.50	(52.46)
Increase in other non current assets	(24.67)	(26.74)
Increase in other current assets	(15.45)	(83.04)
Increase/ (Decrease) in other long term liabilities	(55.20)	543.47
Increase in trade payables	210.02	97.20
Increase/ (Decrease) in other current liabilities	130.17	(570.35)
Cash Generated From Operations	**2,266.01**	**(478.88)**
Direct taxes paid	(333.02)	(168.18)
Net Cash Flow from/ (used in) Operating Activities (A)	**1,932.99**	**(647.06)**
Cash Flow Used In Investing Activities		
Purchase of Tangible Assets, including intangible assets, capital work in progress and capital advances	(3,369.83)	(3,831.15)
Proceeds from sale of fixed assets	5.68	9.70
Proceeds from Sale of Investments in deposits	112.46	(76.12)
Purchase of investment	-	(71.98)
Net Cash Flow Used In Investing Activities (B)	**(3,251.69)**	**(3,969.55)**

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

Particulars	March 31, 2016	March 31, 2015
Cash Flow From Financing Activities		
Proceeds from issue of equity shares	2.55	1.32
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	(1,341.31)	(1,187.74)
Proceeds from long - term borrowings	2,898.24	2,748.09
Proceeds from short - term borrowings (Net)	495.46	1,184.60
Interest received	27.19	13.33
Interest paid	(1,032.55)	(841.69)
Net Cash Flow From Financing Activities (C)	**1,049.58**	**4,860.81**
Net increase/ (Decrease) in cash and cash equivalents (A+B+C)	(269.12)	244.20
Cash and Cash Equivalents at the beginning of the year	395.28	151.08
Effect of exchange differences on cash and cash equivalents	1.90	-
Cash and Cash Equivalents at the end of the year	**128.06**	**395.28**
Notes:		
Components of Cash and Cash Equivalents:		
Cash on hand	2.31	2.31
Balances with banks		
On current accounts	125.26	242.97
On deposit accounts	0.49	150.00
Total Cash and Cash Equivalents	**128.06**	**395.28**

The accompanying notes are an integral part of the financial statements.
As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number : 101049W/E300004

per Vikas Kumar Pansari
Partner
Membership No. 093649

Place : Hyderabad
Date : April 29, 2016

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 29, 2016

G.Venkateswar Reddy
Company Secretary

NOTES

to consolidated financial statements for the year ended March 31, 2016

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

1. BASIS OF CONSOLIDATION

Laurus Labs Private Limited ("the Company" or "the Parent Company") together with its subsidiaries (collectively termed as "the Group") and its associate (collectively termed as "the Consolidated entities") 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 Consolidated 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.

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 statements under equity method as per AS 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 Consolidated Entity's share in the networth 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 Consolidated Entity'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, 2016.

vii) The Consolidated Financial Statements for the year ended March 31, 2016 have been prepared on the basis of the financial statements of the following subsidiaries and an associate:

Name of the Entity	Country of incorporation	March 31, 2016	March 31, 2015
Subsidiary			
Laurus Synthesis Inc.	USA	100%	100%
Viziphar Biosciences Private Limited	India	100%	100%
Associate			
Sriam Labs Private Limited	India	27%	27%

NOTES

to consolidated financial statements for the year ended March 31, 2016

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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 such 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.

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.

NOTES

to consolidated financial statements for the year ended March 31, 2016

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

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.

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.

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 agreed milestones are achieved, which are substantiated by the performance of related service work.

NOTES

to consolidated financial statements for the year ended March 31, 2016

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

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.

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 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.

NOTES

to consolidated financial statements for the year ended March 31, 2016

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

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 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.

NOTES
to consolidated financial statements for the year ended March 31, 2016

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

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 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**

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.

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to consolidated financial statements for the year ended March 31, 2016

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

3. SHARE CAPITAL

	March 31, 2016	March 31, 2015
Authorised		
24,787,037 (March 31, 2015 : 16,746,097) Equity shares of ₹ 10/- each	247.87	167.46
2,259,060 (March 31, 2015: 6,900,000) 0.001% Compulsorily Convertible Participatory Cumulative Preference shares - Series A of ₹ 10/- each	22.59	69.00
2,477,387 (March 31, 2015 : 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, 2015: 4,153,399) 0.001% Compulsorily Convertible Participatory Cumulative Preference shares - Series C of ₹ 10/- each	41.53	41.53
Total	**914.00**	**880.00**
Issued, Subscribed and Paid Up		
15,767,255 (March 31, 2015 : 15,511,880) Equity share of ₹ 10/- each fully paid up	157.67	155.12
2,259,060 (March 31, 2015 : 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, 2015 : 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, 2015 : 4,153,399) 0.001% Compulsorily Convertible Participatory Cumulative Preference shares - Series C of ₹ 10/- each fully paid up	41.53	41.53
Total	**823.80**	**821.25**

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

	March 31, 2016		March 31, 2015	
	No.	₹	No.	₹
Equity Shares of ₹ 10 Each, Fully paid up				
Balance as per last financial statements	15,511,880	155.12	15,379,755	153.80
Issued during the year -ESOP	255,375	2.55	132,125	1.32
Outstanding at the end of the year	**15,767,255**	**157.67**	**15,511,880**	**155.12**
0.001% Compulsorily Convertible Participatory Cumulative Preference shares - Series A of ₹ 10/- each fully paid up				
Balance as per last financial statements	2,259,060	22.59	2,259,060	22.59
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				
Balance as per last financial statements	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				
Balance as per last financial statements	4,153,399	41.53	-	-
Issued during the year	-	-	4,153,399	41.53
Outstanding at the end of the year	**4,153,399**	**41.53**	**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.

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2016, the amount of dividend per share recognized as distribution to equity shareholders was ₹ 2/- (March 31, 2015: ₹ Nil)

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to consolidated financial statements for the year ended March 31, 2016

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

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 at par 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.

During the year ended March 31, 2016, the amount of dividend per share recognized as distribution to Series A preference shareholders was ₹ 2.00 (including arrears) (March 31, 2015: ₹ Nil).

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.C.Satyanarayana(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.

During the year ended March 31, 2016, the amount of dividend per share recognized as distribution to Series B preference shareholders was ₹2.00 (including arrears) (March 31, 2015: ₹ Nil).

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.

During the year ended March 31, 2016, the amount of dividend per share recognized as distribution to Series C preference shareholders was ₹ 2.00 (including arrears) (March 31, 2015: ₹ Nil).

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.

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(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, 2016		March 31, 2015	
	% Holding	No.	% Holding	No.
Equity Shares of ₹ 10/- each Held By				
Dr.C.Satyanarayana	23.69%	3,734,500	24.08%	3,734,500
Bluewater Investment Limited	21.12%	3,330,758	21.47%	3,330,758
FIL Capital Management (Mauritius) Limited	16.44%	2,592,872	16.72%	2,592,872
Mrs.C.Naga Rani	9.89%	1,560,000	10.06%	1,560,000
Dr. Raju S Kalidindi	8.24%	1,300,000	8.38%	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	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	79.66%	1,973,531	79.66%	1,973,531
Dr.C.Satyanarayana	18.61%	460,926	18.61%	460,926
0.001% Compulsorily Convertible Participatory Cumulative Preference shares - Series C of ₹ 10/- each fully paid up				
Bluewater Investment Limited	**100.00%**	**4,153,399**	**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, 2016	March 31, 2015
Capital Reserve	17.92	17.92
Securities Premium		
Balance as per last financial statements	4,045.63	1,130.99
Add : Premium on Issue of CCPS	-	2,958.47
Add : transferred from stock options outstanding	25.30	13.27
Less: Share issue expenses	-	57.10
Closing balance	**4,070.93**	**4,045.63**
Employee stock option (Note 30)		
Gross employee stock compensation for options granted in earlier years	50.32	47.59
Add: gross compensation for options granted during the year	91.37	19.09
Less: gross compensation for options forfeited during the year	6.64	3.08
Less: deferred employee stock compensation	83.17	20.88
Less: transfer to securities premium on exercise of stock option	25.30	13.27
Closing balance	**26.58**	**29.45**
Surplus in the Statement of profit and loss		
Balance as per last financial statements	2,326.47	1,642.30
Add : Profit for the year	1,306.99	684.17
Less: Appropriations		
Proposed final equity dividend (Refer Note 3.2)	31.53	-
Tax on proposed final equity dividend	6.42	-
Proposed dividend on CCPCPS - Series A, Series B and Series C (Refer Note 3.3)	17.81	-
Tax on proposed dividend on CCPCPS - Series A, Series B and Series C	3.63	-
Net surplus in the Statement of profit and loss	**3,574.07**	**2,326.47**
Foreign Currency Translation Reserve (FCTR)		
Balance as per last financial statements	(0.20)	(0.20)
Add : Current year FCTR	5.09	-
Closing balance	4.89	(0.20)
Total Reserves and Surplus	7,694.39	**6,419.27**

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to consolidated financial statements for the year ended March 31, 2016

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

5. LONG TERM BORROWINGS

		March 31, 2016	March 31, 2015
A)	**Non Current portion**		
	Term Loans		
	Indian Rupee loans from banks (Secured) (a and c)	3,333.31	2,627.91
	Foreign currency loans from banks (Secured) (b and c)	44.31	253.96
	Foreign currency loans from banks (Unsecured) (b and e)	1,061.33	-
	Buyers Credit (Secured) (b and c)	141.79	133.79
	Other Loans and Advances		
	Vehicle loans from banks (Secured) (d)	25.54	21.11
	Total	**4,606.28**	**3,036.77**
B)	**Current Maturities**		
	Term Loans		
	Indian Rupee loans from banks (Secured) (a and c)	765.68	698.26
	Foreign currency loans from banks (Secured) (b and c)	89.68	144.62
	Other Loans and Advances		
	Vehicle loans from banks (Secured) (d)	15.72	15.06
	Amount disclosed under the head ' other Current liabilities" (Note 11)	**871.08**	**857.94**

(a) The details of Indian rupee loans from banks are as under:

Name of the Bank	Outstanding As on March 31, 2016	Outstanding As on March 31, 2015	Sanction Amount	No. of Instalments	Commencement of instalments	Rate of Interest
State Bank of India (SBI)	450.00	217.40	450.00	20 quarterly instalments ranging from ₹ 18.00 to ₹ 24.00	December 2016	Base rate plus 2.00% - 2.50 % p.a. (March 31, 2015 : Base rate plus 2.00 % p.a.)
State Bank of India (SBI)	430.00	490.00	490.00	23 quarterly instalments ranging from ₹ 20.00 to ₹ 22.50	September 2015	Base rate plus 2.50% - 3.20 % p.a. (March 31, 2015 : Base rate plus 3.20 % p.a.)
State Bank of India (SBI)	127.50	-	300.00	8 quarterly instalments ranging from ₹ 15.00 to ₹ 22.50	June 2016	Base rate plus 3.45 % p.a.
Export-Import Bank of India (EXIM)	450.00	490.00	490.00	23 quarterly instalments ranging from ₹ 20.00 to ₹ 22.50	December 2015	Base rate plus 2.00% p.a. (March 31, 2015 : Base rate plus 2.00 % p.a.)
Export-Import Bank of India (EXIM)	654.27	820.93	1000.00	18 equal quarterly instalments of ₹ 55.55	September 2014	Base rate plus 2.00% p.a. (March 31, 2015: Base rate plus 2.00% p.a.)
Punjab National Bank (PNB)	1450.00	472.09	1450.00	20 quarterly instalments ranging from ₹ 57.00 to ₹ 76.00	December 2016	Base rate plus 1.75% p.a. (March 31, 2015: Base rate plus 1.75% p.a.)
ICICI Bank (ICICI)	37.22	50.75	67.67	20 quarterly instalments of ₹ 3.38	February 2014	Base rate plus 2.50% p.a. (March 31, 2015 : Base rate plus 2.50% p.a.)
HSBC Bank (HSBC)	500.00	-	500.00	10 quarterly instalments of ₹ 50	September 2016	Base rate plus 0.6% p.a.

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to consolidated financial statements for the year ended March 31, 2016

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

Name of the Bank	Outstanding As on March 31, 2016	Outstanding As on March 31, 2015	Sanction Amount	No. of Instalments	Commencement of instalments	Rate of Interest
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% p.a. (March 31, 2015 : Base rate plus 2.25% p.a.)
IDBI Bank (IDBI)	-	425.00	500.00	12 quarterly instalments ranging from ₹ 37.50 to ₹ 43.75	October 2014	Base rate plus 2.25% p.a. (March 31, 2015 : Base rate plus 2.25% p.a.)

(b) **Foreign Currency loans from banks comprise of Long Term Buyer's Credit, Foreign Currency Non Residential Term Loan (FCNR TL) and ECB loan:**

Name of the Bank & Nature of Loan	Outstanding As on March 31, 2016	Outstanding As on March 31, 2015	Sanction Amount	No. of Instalments	Commencement of instalments	Rate of Interest
Bank of Bahrain and Kuwait (BBK) - ECB Loan	133.99	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% p.a. (March 31, 2015 : London Inter -Bank Offered Rate (LIBOR) plus 3.50% p.a.)
ICICI Bank (ICICI) - Buyer's Credit	141.79	133.79	US$ 2.14 Mn	Single instalment	April 2017	LIBOR plus 0.74% p.a. (March 31, 2015 : LIBOR plus 0.74% p.a.)
CITI Bank (CITI) - FCNR TL	1,061.33	-	US$ 21 Mn	Single instalment	February 2017	LIBOR plus 1.7% p.a. (March 31, 2015 : Nil)
State Bank of India (SBI) - FCNR TL	-	187.52	US$ 3.00 Mn	12 quarterly instalments	June 2015	LIBOR plus 3.25% p.a. (March 31, 2015 : LIBOR plus 3.25% p.a.)

(c) All Term loans (except ICICI) 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. ICICI Term loan and buyers credit is secured by exclusive charge on the movable machinery/ fixed assets procured from the term loan/Buyers Credit 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.

(e) CITI Bank Term loan is secured by Standby Letter of Credit (SBLC) from Citibank NA, South Africa on behalf of a customer.

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to consolidated financial statements for the year ended March 31, 2016

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

6. DEFERRED TAX LIABILITY (NET)

		March 31, 2016	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		630.39	490.28
	(A)	**630.39**	**490.28**
Deferred Tax Asset			
Income tax at the applicable rate on unabsorbed business loss and depreciation		(121.24)	(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		(61.39)	(43.58)
	(B)	**(182.63)**	**(377.28)**
Deferred Tax Liability (Net)	**(A+B)**	**447.76**	**113.00**

7. OTHER LONG TERM LIABILITIES

	March 31, 2016	March 31, 2015
Advances from Customers	441.56	446.58
Total	**441.56**	**446.58**

8. PROVISIONS

		March 31, 2016	March 31, 2015
A)	**Long Term Provisions**		
	Provision for Gratuity (Note 29)	67.71	51.26
	Total	**67.71**	**51.26**
B)	**Short Term Provisions**		
	Provision for Gratuity (Note 29)	6.70	4.16
	Provision for Compensated absences	69.82	50.36
	Provision for Taxation	60.12	37.52
	Proposed final equity dividend	31.53	-
	Provision for tax on proposed final equity dividend	6.42	-
	Proposed dividend on CCPCPS - Series A, Series B and Series C	17.81	-
	Provision for tax on proposed dividend on CCPCPS - Series A, Series B and Series C	3.63	-
	Total	**196.03**	**92.04**

9. SHORT TERM BORROWINGS

	March 31, 2016	March 31, 2015
Cash Credits and Working Capital Demand Loan	3,872.63	2,564.54
Indian Rupee loans from banks (Secured)	132.00	394.36
Foreign Currency loans from banks (Secured)		
Buyers Credit from banks (Secured)	809.56	1,357.45
Total	**4,814.19**	**4,316.35**

Short term borrowings are availed of in both Rupee and Foreign currencies. Interest on rupee loans ranges from Base rate plus 1.00% to 2.25%(March 31, 2015: Base rate plus 1% to 2.25%). Interest on Foreign Currency loans from bank is LIBOR plus 2.00% Buyers credit loan interest ranges from LIBOR plus 0.25% to 0.52%(March 31, 2015: 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.

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to consolidated financial statements for the year ended March 31, 2016

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

10. TRADE PAYABLES

	March 31, 2016	March 31, 2015
Outstanding dues to micro enterprises and small enterprises (Note 31 for details of the amount due to Micro and Small Enterprises)	5.22	2.73
	5.22	**2.73**
Outstanding dues to creditors other than micro enterprises and small enterprises		
	2,488.15	2,305.36
Total	**2,488.15**	**2,305.36**

11. OTHER CURRENT LIABILITIES

	March 31, 2016	March 31, 2015
Current maturities of long term borrowings (Note 5B)	871.08	857.94
Capital Creditors	303.08	341.18
Interest accrued but not due on borrowings	45.92	40.35
Advances from customers	178.16	54.73
Statutory dues	47.13	39.23
Total	**1,445.37**	**1,333.43**

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to consolidated financial statements for the year ended March 31, 2016

(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	1316.02	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	-	-	-	(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
Additions	63.13	34.04	1,447.07	2,072.34	72.42	36.57	29.40	3,754.97	21.70	-	21.70*	3,776.67
Disposals	-	-	-	(1.84)	-	(0.53)	(17.48)	(19.85)	-	-	-	(19.85)
- Exchange Difference	-	-	-	-	0.15	0.14	-	0.29	-	-	-	0.29
As at March 31, 2016	355.08	803.46	3,648.44	8,164.22	307.17	133.59	94.25	13,506.21	112.64	3.39	116.03	13,622.25
Depreciation/Amortisation												
As at April 01, 2014	22.08	-	170.62	853.52	114.52	42.62	20.57	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	-	-	-	(0.97)	-	(0.72)	(2.37)	(4.06)	-	-	-	(4.06)
As at April 01, 2015	30.37	-	226.79	1,342.30	133.76	56.05	32.54	1,821.81	29.79	-	29.79	1,851.61
Charge for the year	9.18	-	112.16	718.58	29.02	18.04	15.93	902.91	18.97	-	18.97	921.88
Disposals	-	-	-	(0.04)	-	(0.53)	(10.63)	(11.20)	-	-	-	(11.20)
- Exchange Difference	-	-	-	0.07	0.01	0.02	-	0.10	-	-	-	0.10
As at March 31, 2016	39.55	-	338.95	2,060.91	162.79	73.58	37.84	2,713.62	48.76	-	48.76	2,762.39
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
Charge for the year	-	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2016	-	-	-	-	-	-	-	-	-	3.39	3.39	3.39
Net Block												
As at March 31, 2015	261.58	769.42	1,974.58	4,751.42	100.84	41.36	49.79	7,948.99	61.15	-	61.15	8,010.14
As at March 31, 2016	315.53	803.46	3,309.49	6,103.31	144.38	60.01	56.41	10,792.59	63.88	-	63.88	10,856.47

Capital Work in Progress (including expenditure during construction period - note 37) : ₹ 696.00 (March 31, 2015 - ₹ 1,096.69)

Notes:

* includes expenditure during the construction period amounting to ₹ 35.74 (March 31, 2015: ₹ 32.47).

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

13. NON CURRENT INVESTMENTS

	March 31, 2016	March 31, 2015
Non-trade investments (valued at cost unless stated otherwise) (unquoted)		
Investment in Associate		
3,834,908 (March 31, 2015 : 3,834,908) Equity Shares of ₹ 10 each of Sriam Labs Private Limited (includes Goodwill amounting to ₹ 3.28 (March 31, 2015: ₹ 3.28)	71.98	71.98
Add : Opening Balance of Accumulated Profit	2.49	-
Add : Share of profit/(loss) from Associate	(4.02)	2.49
Total	**70.45**	**74.47**

14. LOANS AND ADVANCES

		March 31, 2016	March 31, 2015
A)	**Long Term (Unsecured, Considered Good unless otherwise stated)**		
	Capital Advances	207.61	250.42
	Security Deposit	80.58	50.98
	Advances Recoverable in Cash or Kind		
	Advances Recoverable in cash or kind (including doubtful advances ₹ 1.06 (March 31, 2015: ₹ 1.64)	1.06	22.90
	Other Loans and Advances		
	Prepaid expenses	1.08	-
	Advance Tax	0.39	0.79
	Minimum Alternate Tax Credit Entitlement	989.60	633.98
	Tax paid under protest	7.05	7.05
		1,287.37	966.12
	Less: Provision for doubtful advances	(1.06)	(1.64)
	Total	**1,286.31**	**964.48**
B)	**Short Term (Unsecured, Considered Good unless otherwise stated)**		
	Advances Recoverable in cash or kind	70.75	117.53
	Loans and advances to related parties (including doubtful advances ₹ Nil (March 31, 2015: ₹ 0.50) (note 33)	35.00	-
	Other Loans and Advances		
	Loans and Advances to Employees	5.83	2.68
	Prepaid expenses	62.94	84.32
	Balances with Statutory/Government Authorities	127.05	107.30
	Total	**301.57**	**311.83**

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to consolidated financial statements for the year ended March 31, 2016

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

15. OTHER ASSETS

		March 31, 2016	March 31, 2015
A)	**Other Non Current Assets (Unsecured, considered good unless stated otherwise)**		
	Non Current Bank Deposits (Note 18)	7.31	75.48
	Interest Accrued on Deposits	0.47	5.94
	Unamortised processing fee	8.88	16.38
	Export and other incentives receivable	73.90	41.93
Total		**90.56**	**139.73**
B)	**Other Current Assets (Unsecured, considered good unless stated otherwise)**		
	Interest Accrued on Deposits	10.39	8.52
	Insurance Claim Receivable	29.85	85.38
	Unamortised processing fee	5.57	8.88
	Export and other incentives receivable	115.51	20.98
	Others	0.78	22.47
		162.10	146.23
	Less: Provision for insurance claim receivable	(29.85)	-
Total		**132.25**	**146.23**

16. INVENTORIES

	March 31, 2016	March 31, 2015
(At lower of cost and net realisable value)		
Raw Materials [including Port Stock and Stock in transit ₹ 787.95 (March 31, 2015: ₹ 1,086.48)]	2,182.40	2,310.94
Work-in-progress	1,408.01	1,464.25
Finished Goods	1,222.06	915.04
Stores, spares and packing materials	58.46	64.73
Total	**4,870.93**	**4,754.96**

17. TRADE RECEIVABLES

		March 31, 2016	March 31, 2015
Outstanding for a period exceeding six months from the date they are due for payment			
	Unsecured, Considered Good	63.70	18.58
	Doubtful	-	4.74
		63.70	23.32
	Less: Provision for doubtful receivables	-	4.74
		63.70	18.58
Other Receivables			
	Unsecured, Considered Good	4,384.87	2,832.08
		4,384.87	2,832.08
Total		**4,448.57**	**2,850.66**

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to consolidated financial statements for the year ended March 31, 2016

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

18. CASH AND BANK BALANCES

	March 31, 2016	March 31, 2015
Cash and Cash Equivalents		
Balances with Banks		
- On Current Accounts	125.26	242.97
- Deposits with original maturity of less than three months	0.49	150.00
Cash on Hand	2.31	2.31
Other Bank Balances		
On Deposit Accounts		
- Remaining maturity for more than twelve months	7.31	75.48
- Remaining maturity for less than twelve months	149.29	193.57
	156.60	269.05
Less : Amount disclosed under Other Assets (Note 15)	(7.31)	(75.48)
Total	**277.35**	**588.85**

Deposits with a carrying amount of ₹ 156.60 (March 31, 2015: ₹ 269.05) are towards margin money given for letter of credit and bank guarantees.

19. REVENUE FROM OPERATIONS

		For the year ended March 31, 2016	For the year ended March 31, 2015
Sale of Products			
Income from Sale of API and Intermediates		17,487.02	13,121.05
Income from Sale of Traded goods		161.37	69.27
	(A)	**17,648.39**	**13,190.32**
Sale of Services			
Contract Research Services		240.75	66.06
	(B)	**240.75**	**66.06**
Other Operating Revenue			
Sale of Scrap		13.92	8.70
Export and other Incentives		162.14	29.85
Others		106.60	84.31
	(C)	**282.66**	**122.86**
Revenue from Operations (Gross)	**(A+B+C)**	18,171.80	13,379.24
Less: Excise Duty		334.08	113.34
Revenue from Operations (Net)		**17,837.72**	**13,265.90**
Details of sale of traded goods			
Traded Goods			
Sodium metal		25.76	-
Pivaloyl Chloride		15.64	-
Propiophenone		15.24	-
Sodium Borohydride		14.18	-
Pyrrolidine		10.15	-
Lithium metal			17.51
2-Methyl THF		2.50	12.44
Tetrahydrofuran		-	10.88
Others		77.90	28.44
Total of Products Sold		**161.37**	**69.27**

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to consolidated financial statements for the year ended March 31, 2016

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

20. OTHER INCOME

	For the year ended March 31, 2016	For the year ended March 31, 2015
Interest Income on		
Deposits and Margin money	20.70	20.00
Others	2.90	1.69
Net Gain on Foreign Exchange Fluctuations	46.40	181.89
Insurance Claim Receivable	-	118.07
Profit on Sale of Assets (net)	-	0.16
Reversal of provision for doubtful advance and receivables (Net)	5.32	-
Liabilities no longer required written back	-	16.45
Miscellaneous Income	0.61	2.45
Total	**75.93**	**340.71**

21. COST OF MATERIALS CONSUMED

		For the year ended March 31, 2016	For the year ended March 31, 2015
Raw Materials Consumed			
Opening stock at the beginning of the year		2,310.94	1,688.16
Add : Purchases		10,041.26	9,643.07
Less : Sale of materials		67.03	24.93
		12,285.17	11,306.30
Less : Closing stock at the end of the year		2,182.40	2,310.94
	(A)	10,102.77	8,995.36
Packing Materials Consumed	(B)	80.11	70.94
Total	(A+B)	**10,182.88**	**9,066.30**

22. PURCHASES OF TRADED GOODS

	For the year ended March 31, 2016	For the year ended March 31, 2015
Sodium metal	25.06	-
Pivaloyl Chloride	15.31	-
Propiophenone	14.54	-
Sodium Borohydride	13.91	-
Pyrrolidine	10.65	-
Lithium metal	-	14.22
2-Methyl THF	3.70	12.44
Tetrahydrofuran	-	9.35
Others	66.33	25.84
Total	**149.50**	**61.85**

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to consolidated financial statements for the year ended March 31, 2016

(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, 2016	For the year ended March 31, 2015	(Increase)/ Decrease For the year ended March 31, 2016
Opening stock of inventories			
Finished goods of API and Intermediates	915.04	472.53	(442.51)
Work-in-Progress of API and Intermediates	1,464.25	1,062.23	(402.02)
	2,379.29	**1,534.76**	**(844.53)**
Closing stock of inventories			
Finished goods of API and Intermediates	1,222.06	915.04	(307.02)
Work-in-Progress of API and Intermediates	1,408.01	1,464.25	56.24
	2,630.07	**2,379.29**	**(250.78)**
Increase in inventories	**(250.78)**	**(844.53)**	

24. OTHER MANUFACTURING EXPENSES

	For the year ended March 31, 2016	For the year ended March 31, 2015
Consumption of stores and spares	174.01	123.71
Conversion charges	302.35	251.36
Factory maintenance	185.86	144.05
Effluent treatment expenses	133.94	113.06
Power and Fuel	579.55	498.62
Repairs & maintenance		
Plant and machinery	103.89	66.09
Buildings	18.91	11.59
Others	3.45	3.20
Product development	24.67	6.96
Others	26.93	13.75
Total	**1,553.56**	**1,232.39**

25. EMPLOYEE BENEFITS EXPENSES

	For the year ended March 31, 2016	For the year ended March 31, 2015
Salaries, allowances and wages	1,477.73	1,039.46
Contribution to provident fund and other funds	66.59	56.38
Gratuity expense (Note 29)	23.49	15.98
Employee Stock Option Charge	22.43	9.10
Managerial remuneration	130.58	68.14
Recruitment and training	16.27	14.44
Staff welfare expenses	160.40	124.70
Total	**1,897.49**	**1,328.20**

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to consolidated financial statements for the year ended March 31, 2016

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

26. OPERATING AND SELLING EXPENSES

	For the year ended March 31, 2016	For the year ended March 31, 2015
Rent	49.48	25.07
Rates and taxes	35.45	27.46
Office maintenance	18.68	20.91
Insurance	49.21	43.16
Printing and stationery	13.56	12.81
Consultancy and other professional charges	68.85	61.99
Membership and subscription	23.73	12.06
Remuneration to auditors		
-Audit Fee	4.10	3.30
-Tax audit fee	0.40	0.40
-Other services	0.17	0.15
-Out of pocket expenses	0.07	0.06
Travelling and conveyance	73.57	50.37
Communication expenses	16.51	13.08
Loss on sale of fixed assets (net)	2.98	-
Advances and bad debts written off	16.56	0.99
Provision for doubtful advance and receivables	-	0.26
Impairment of goodwill on consolidation (note 12)	-	3.39
Provision for Insurance claim receivable	29.85	-
Carriage outwards	63.32	63.04
Commission on sales	48.55	12.73
Royalty	15.59	-
Other selling expenses	11.13	9.62
Business Promotion and Advertisement	41.86	39.22
CSR Expenditure (note 38)	27.02	16.87
Donations	0.90	0.46
Miscellaneous expenses	1.56	1.75
Total	**613.10**	**419.15**

27. FINANCE EXPENSES

	For the year ended March 31, 2016	For the year ended March 31, 2015
Interest		
- on Term loans	476.66	360.85
- on working capital loans	493.89	444.49
- on others	16.40	6.61
Premium on forward contracts amortised	89.16	100.98
Bank charges	72.96	98.16
Exchange Difference to the extent considered as an adjustment to borrowing costs	51.18	50.48
Total	**1,200.25**	**1,061.57**

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to consolidated financial statements for the year ended March 31, 2016

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

28. EARNINGS PER SHARE (EPS)

	For the year ended March 31, 2016	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	1,306.99	684.17
Less: Preference dividend and tax thereon	21.41	0.01
Profit available for Equity shareholders	1,285.58	684.16
Weighted average number of equity shares in calculating basic EPS	15,644,494	15,444,500
Add: Effect of dilution		
Convertible preference shares	8,889,846	6,488,840
Stock options granted under ESOP	64,068	240,767
Weighted Average number of Equity Shares in computing diluted earnings per share	24,598,408	22,174,107
Face value of each Equity Share (₹)	10.00	10.00
Earnings per share		
- Basic (₹)	82.17	44.30
- Diluted (₹)	53.13	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, 2016	March 31, 2015
Profit and Loss account		
i. Net employee benefit expense (recognised in Employee benefits expenses)		
Current service cost	6.67	5.18
Interest cost	4.55	3.49
Expected return on plan assets	(0.05)	(0.10)
Net actuarial(gain) / loss recognised in the year	12.32	7.41
Net employee benefit expenses	**23.49**	**15.98**
Actual return on plan asset	(0.05)	(0.10)
Amount recognised in the Balance Sheet		
Defined benefit obligation	74.90	56.87
Fair value of plan assets	0.49	1.45
	74.41	**55.42**
Changes in the present value of the defined benefit obligation		
Opening defined benefit obligation	56.87	43.68
Current service cost	6.67	5.18
Interest cost	4.55	3.49
Benefits paid	(5.51)	(2.89)
Actuarial (gains) / losses on obligation	12.32	7.41
Closing defined benefit obligation	**74.90**	**56.87**
Change in the fair value of plan assets		
Opening fair value of plan assets	1.45	1.25
Expected return on plan assets	0.05	0.10
Contributions	4.50	2.99
Benefits paid	(5.51)	(2.89)
Closing fair value of plan assets	**0.49**	**1.45**

The Company expects to contribute ₹ 7.50 to the gratuity fund in the year 2016-17 (March 31, 2015: ₹ 5.00) against the short term liability of ₹ 6.70 (March 31, 2015: ₹ 4.16) as per the actuarial valuation.

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to consolidated financial statements for the year ended March 31, 2016

(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, 2016	March 31, 2015
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, 2016	March 31, 2015
Discount rate	8.00%	8.00%
Expected rate of return on assets	8.50%	8.50%
Salary rise	16.00%	15.00%
Attrition Rate		
Pharmaceuticals	12.00%	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, 2016	March 31, 2015
Contribution to Provident Fund	60.54	50.41
Contribution to Superannuation Fund	7.18	6.44

Amounts for the current and previous four periods are as follows:

Particulars	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Defined benefit obligation	74.90	56.87	43.68	33.34	20.37
Plan assets	0.49	1.45	1.25	1.79	0.93
Surplus / (deficit)	74.41	55.42	42.43	31.55	19.44
Experience adjustments on plan liabilities	5.29	-	-	-	-
Experience adjustments on plan assets	-	-	-	-	-

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
Grant V	177,188	19-Sep-17	19-Sep-18	19-Sep-19

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to consolidated financial statements for the year ended March 31, 2016

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Date of Grant	Number of options Granted	Exercise price	Weighted Average Fair value of option at grant date
September 19, 2011	553,000	10	105.96
December 31, 2012	28,000	10	163.94
September 19, 2013	38,500	10	175.94
September 19, 2014	75,500	10	262.84
September 19, 2015	177,188	10	525.65

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

	March 31, 2016 No. of options	March 31, 2015 No. of options
Outstanding at the beginning of the year	377,000	453,375
Granted during the year	177,188	75,500
Forfeited during the year	38,500	19,750
Exercised during the year	255,375	132,125
Outstanding at the end of the year	260,313	377,000
Exercisable at the end of the year	-	5,000

For options exercised during the period, the weighted average share price at the exercise date was ₹ 385.64 per share (31 March 2015: ₹ 267.91 per share).

The weighted average remaining contractual life for the stock options outstanding as at 31 March 2016 is 4.00 years (31 March 2015: 2.24 years). The range of exercise prices for options outstanding at the end of the year was ₹ 10 (31 March 2015: ₹ 10)

The weighted average fair value of stock options granted during the year was ₹ 525.65 (31 March 2015: ₹ 262.84). The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	March 31, 2016				
	Grant V	Grant IV	Grant III	Grant II	Grant I
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%
Expected volatility	0.00%	0.00%	0.00%	0.00%	0.00%
Risk-free interest rate	7.71%	8.56%	8.47%	8.01%	8.34%
Weighted average share price of ₹	533.00	269.97	183.10	171.22	113.15
Exercise price of ₹	10.00	10.00	10.00	10.00	10.00
Expected life of options granted in years	3.51	3.50	3.50	3.50	3.51

	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	183.10	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.

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

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

	March 31, 2016	March 31, 2015
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	5.22	2.73
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	-	-

32 SEGMENT REPORTING

A. Segments are identified 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 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

Particulars	2015-16		
	Outside India	Within India	Total
Revenue	6,529.35	11,308.37	17,837.72
Carrying amount of assets	154.62	22,875.84	23,030.46
Cost incurred to acquire Capital assets	47.75	3,322.08	3,369.83

Particulars	2014-15		
	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

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

33 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
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, 2016	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 made	-	71.98
		Advance given	35.00	-
		Conversion charges	7.95	5.10
		Purchase of goods	160.26	309.43
		Sale of goods	4.83	0.59
		Sale of assets	1.19	1.65
c)	**Company where control exists**			
	i)	Laurus Infosystems (India) Private Limited		
		Software Maintenance	19.19	12.81
d)	**Key Management Personnel**			
	i)	Dr. C. Satyanarayana		
		Remuneration	77.03	33.61
	ii)	Dr. Raju S Kalidindi		
		Remuneration	23.04	13.50
	iii)	Mr. V.V. Ravi Kumar		
		Remuneration	23.04	13.50
		Rent	0.63	0.53

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			March 31, 2016	March 31, 2015
e)	Relatives of Key Management Personnel			
	i)	Mr. C. Narasimha Rao		
		Remuneration	4.13	3.08
	ii)	Mr. C. Chandrakanth		
		Remuneration	6.35	4.82
	ii)	Mrs. C. Soumya		
		Rent	1.25	1.05
Closing Balances - Debit/ (Credit)				
a)	Associate Company			
	i)	Sriam Labs Private Limited		
		Disclosed under short term loans & advances	35.00	-
		Disclosed under trade payables	1.87	78.88
b)	Company where control exists			
	i)	Laurus Infosystems (India) Private Limited		
		Disclosed under Trade Payables	1.75	-
c)	Key Management Personnel			
	i)	Dr. C. Satyanarayana*		
		Remuneration payable	38.50	-
	ii)	Dr. Raju S Kalidindi*		
		Remuneration payable	7.70	-
	i)	Mr. V.V. Ravi Kumar		
		Remuneration payable	7.70	-
		Rent Payable	0.05	0.09
d)	Relatives of Key Management Personnel			
	i)	Mr. C. Narasimha Rao		
		Remuneration payable	0.87	0.50
	ii)	Mr. C. Chandrakanth		
		Remuneration payable	1.42	0.86
	iii)	Mrs. C. Soumya		
		Rent Payable	0.10	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 ₹ 9,188.96 (March 31,2015: ₹ 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.

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to consolidated financial statements for the year ended March 31, 2016

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

34 FORWARD CONTRACTS

a) **Forward contract outstanding as at Balance Sheet date**

March 31, 2016 Buy US $ 12,918,777	Hedging of loan and creditors
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

	Currency	March 31, 2016			March 31, 2015		
		Amount in Foreign Currency	Amount in ₹	Conversion Rate	Amount in Foreign Currency	Amount in ₹	Conversion Rate
Secured loans	USD	3,455,240	229.20	66.33	9,677,039	605.69	62.59
Unsecured loans	USD	16,000,000	1,061.33	66.33	-	-	-
Interest accrued but not due on borrowings	USD	41,053	2.72	66.33	12,715	0.80	62.59
Trade payables	USD	21,457,208	1,423.32	66.33	14,276,948	893.61	62.59
	EURO	537,808	40.39	75.10	197,321	13.32	67.51
	GBP	9,982	0.95	95.09	1,200	0.11	92.46
Capital creditors	USD	-	-	66.33	250	0.02	62.59
	GBP	-	-	95.09	6,136	0.57	92.46
	CHF	2,147	0.15	75.10	-	-	-
Trade receivables	USD	10,935,326	725.37	66.33	9,617,995	602.00	62.59
	EURO	816,892	61.34	75.10	1,672,162	112.89	67.51
Cash & Bank	USD	1,240,991	82.32	66.33	1,724,426	107.93	62.59
Advances from customers	USD	1,728,828	114.68	66.33	49,844	3.12	62.59
	EURO	6,615,000	496.76	75.10	7,350,000	496.20	67.51
Advances recoverable in cash or kind	USD	152,619	10.12	66.33	329,592	21.88	62.59
	EURO	176,845	13.28	75.10	238,987	16.13	67.51
	GBP	13,750	1.31	95.09	21,043	1.95	92.46
	CHF	-	-	-	6,313	0.41	64.83
	CNY	-	-	-	4,120	0.04	10.20
	JPY	-	-	-	505,000	0.26	0.52
	ZAR	-	-	-	330	0.00*	5.17
	HKD	-	-	-	90	0.00*	8.06

* Amount less than Indian Rupees 10,000

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to consolidated financial statements for the year ended March 31, 2016

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

35. CAPITAL AND OTHER COMMITMENTS

	March 31, 2016	March 31, 2015
Estimated amount of contracts remaining to be executed on capital account and not provided for	1,179.00	1,223.00
Other commitments	Nil	Nil

36. CONTINGENT LIABILITIES

	March 31, 2016	March 31, 2015
a) Outstanding bank guarantees (excluding performance obligations)	50.15	56.29
b) Bills Discounted	480.15	1,780.12
c) Demand for direct taxes under appeal #	10.10	10.10
d) Preference Dividend	-	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."

37. EXPENDITURE DURING CONSTRUCTION PERIOD (PENDING ALLOCATION)

	March 31, 2016	March 31, 2015
Opening Balance	24.50	16.83
Add:		
Rates and Taxes	-	9.32
Power and fuel	8.57	20.58
Rent	2.14	3.28
Factory maintenance	3.35	5.06
Insurance	0.34	1.61
Others	0.51	0.29
Less:		
Capitalised during the year	35.74	32.47
	3.67	**24.50**

38. DETAILS OF CSR EXPENDITURE

		March 31, 2016	March 31, 2015
a) Gross amount required to be spent by the Company during the year		18.79	15.43
(b) Amount spent during the year ending on 31st March, 2016:	In cash	Yet to be paid in cash	Total
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	27.02	-	27.02
b) Amount spent during the year ending on 31st March, 2015:	In cash	Yet to be paid in cash	Total
i) Construction/acquisition of any asset	3.80	-	3.80
ii) On purposes other than (i) above	13.07	-	13.07

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to consolidated financial statements for the year ended March 31, 2016

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

39. SUMMARY OF NET ASSETS AND PROFIT AND LOSS

Names of Entity	Net Assets*				Share in Profit/ (Loss)			
	As % of consolidated net assets	Net Assets	As % of consolidated net assets	Net Assets	As % of consolidated loss	Net Profit /(loss)	As % of consolidated loss	Net Profit / (loss)
	March 31, 2016		March 31, 2015		March 31, 2016		March 31, 2015	
A. Parent	101.83%	8,673.95	100.71%	7,292.20	108.35%	1,416.16	107.52%	735.65
B. Subsidiary incorporated in India								
Viziphar Biosciences Private Limited	0.00%	(0.19)	0.00%	(0.28)	0.01%	0.08	(0.21%)	(1.43)
C. Subsidiary incorporated outside India								
Laurus Synthesis Inc	0.41%	35.22	0.89%	64.74	(8.01%)	(104.73)	(7.92%)	(54.20)
D. Associate incorporated in India (investment as per Equity Method)	0.83%	70.45	1.03%	74.47	(0.31%)	(4.02)	0.36%	2.49
Total	**103.07%**	**8,779.43**	**102.63%**	**7,431.13**	**100.04%**	**1,307.49**	**99.76%**	**682.51**
Consolidation adjustments	**(3.07%)**	**(261.24)**	**(2.63%)**	**(190.61)**	**(0.04%)**	**(0.50)**	**0.24 %**	**1.66**
Net amount	**100.00%**	**8,518.19**	**100.00%**	**7,240.52**	**100.00%**	**1,306.99**	**100.00%**	**684.17**

* Net assets means total assets minus total liabilities excluding shareholders funds.

Note :

The disclosure as above represents separate information for each of the consolidated entities before elimination of inter-company transactions. The net impact on elimination of inter-company transactions/profits/consolidation adjustments have been disclosed separately. Based on the group structure, the manangement is of the view that the above disclosure is appropriate under requirements of the Companies Act, 2013.

40. Previous year figures have been regrouped/ reclassified, wherever necessary, to conform to this year's classification.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number : 101049W/E300004

per Vikas Kumar Pansari
Partner
Membership No. 093649

Place : Hyderabad
Date : April 29, 2016

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 29, 2016

G.Venkateswar Reddy
Company Secretary

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.

Export Import Bank of India

CITI Bank NA

HDFC Bank Limited

Hongkong and Shanghai Banking Corporation

Ratnakar Bank Limited

Axis Bank Limited

REGISTERED OFFICE AND UNIT 01

Drug Substance Facility
Plot No.21
Jawaharlal Nehru Pharma City, Parawada
Visakhapatnam – 531 021, India

CORPORATE OFFICE

2nd Floor, Serene Chambers,
Road No 7, Banjara Hills,
Hyderabad - 500 034, 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 & DS2
IKP Knowledge Park
Turkapally, Shameerpet
Hyderabad – 560 066, India

SUBSIDIARIES

Laurus Synthesis Inc.
160, Greentree Drive
Suite 101, Dover, County of Kent
State of Delaware, DE 19904
United State of America

Viziphar Biosciences Private Limited
Plot No.488 B, Flat Nos 303-304
VITC Model Export Park
4th Phase, Peenya Industrial Area
Bangalore – 560 058, India

DISCLAIMER

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.

LAURUS Labs

Knowledge . Innovation . Excellence

CORPORATE OFFICE
2nd floor, Serene Chambers,
Road No. 7, Banjara Hills,
Hyderabad - 500 034, India
Phone: +91 40 3980 4333
Fax: +91 40 3980 4320
Email: info@lauruslabs.com
Website: www.lauruslabs.com

CIN:U24239AP2005PTC047518