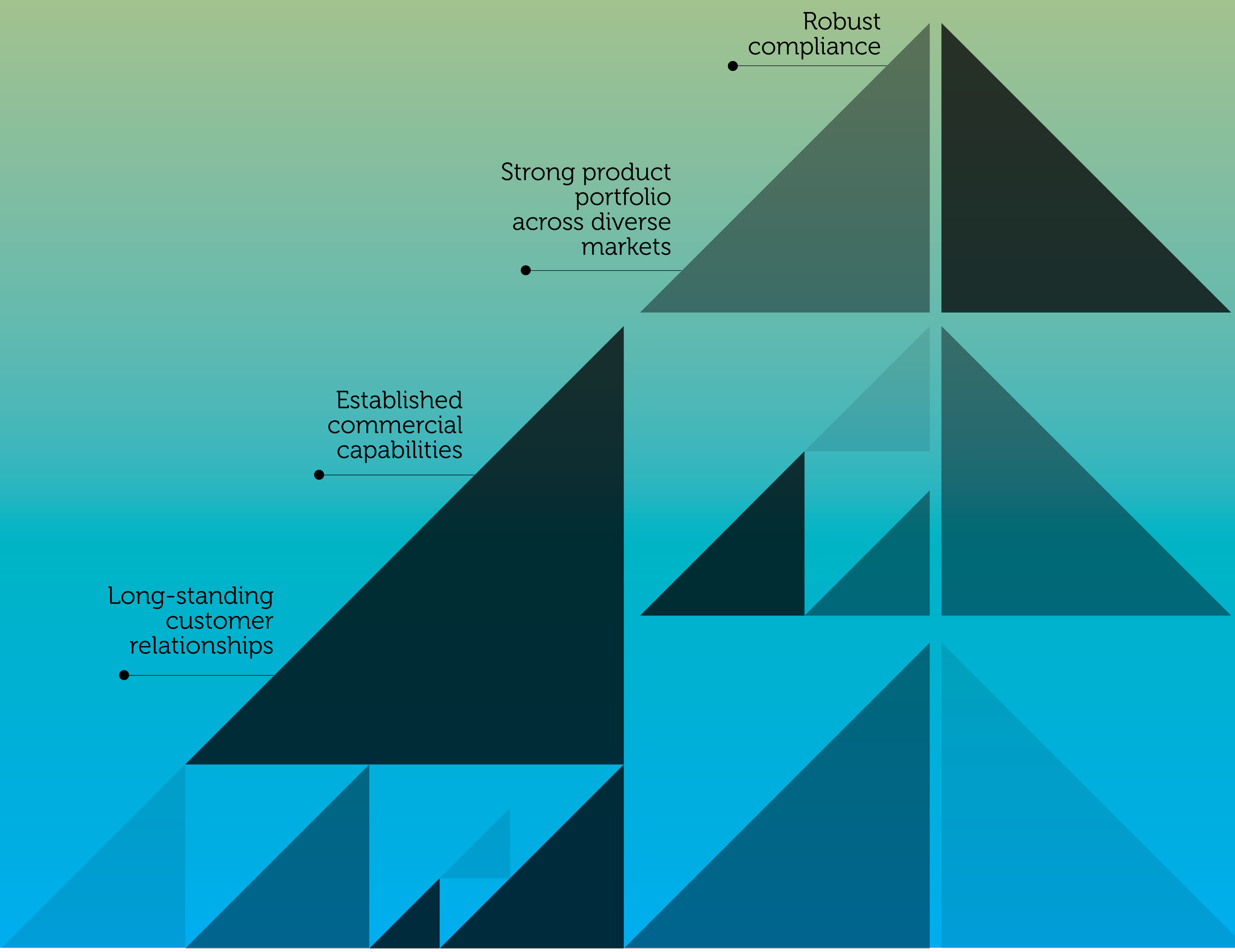
SUSTAINABLE *Growth.* ENDURING *Value.*



2016-17 ANNUAL REPORT
LAURUS LABS LIMITED

LAURUS Labs
Knowledge . Innovation . Excellence

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www.lauruslabs.com

Key Numbers

₹ 18,919 million
REVENUE
27% 5-year CAGR

24%
EBITDA MARGIN
as on March 31, 2017

₹ 22/- share
EPS - BASIC
as on March 31, 2017

₹ 2,026 million
NET PROFIT
23% 5-year CAGR

In this, our maiden post-IPO annual report, we present the story of our strengths and strategies to grow in India and across the world.

Our strategy has always been to consolidate our presence in traditional markets, while at the same time expand to newer ones. We have consistently focused on enhancing R&D and manufacturing capabilities, deepening integration and enriching our portfolio.

Our robust framework for quality and risk-governance enables us to introduce new products consistently, while improving the breadth and depth of our reach. The world's bellwether generic pharmaceutical companies by revenues are our clients; and we continue to foster deep and diverse relationships with our clients and partners.

Our scientists are working hard to turn promising research into affordable medicines and achieving encouraging outcomes across multiple therapeutic segments. We are committed to deliver innovative and cost-effective therapies to help patients with better treatment options.

We will continue to strengthen our leadership position in APIs, especially in the therapeutic areas like the anti-retroviral, Hepatitis C, oncology, cardiovascular and diabetic among others. Formulations business also offers significant opportunities. We have already filed a dossier with WHO and three ANDA applications with the US FDA. We have also initiated ARV, API supply into the European market and undertaking dedicated R&D in existing products, and in areas where there is significant growth potential. In line with our credo of 'Research First', we are expanding our R&D centre at Hyderabad and have already completed the FDF facility.

We are committed to positively impact our client's business outcomes by focusing on better customer experience across all touch points and channels. We have alliances with various partners for the development of products in specified therapeutic areas on profit and cost sharing basis.

We have the right culture, infrastructure and knowhow to grow sustainably and create value that endures for the long-term.

Firm Footsteps towards Sustainable Growth

Ever since we began our journey, we at Laurus Labs have consistently leveraged opportunities to build a sustainable and value-creating enterprise. The result is that we have now emerged as a leading research and development ('R&D') driven pharmaceutical company in India.

We enjoy leadership position in generic active pharmaceutical ingredients ('APIs') for select, high-growth therapeutic areas of anti-retrovirals ('ARVs') and Hepatitis C. Our best-in-class infrastructure and consistent focus on knowledge accretion and innovation have enabled us to expand our presence in high-growth markets.

Today, we are 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. We have commercialised 59 products since inception, and our future is very exciting than what we have achieved so far.

Vision

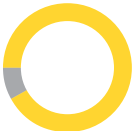
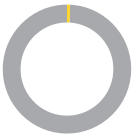
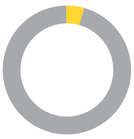
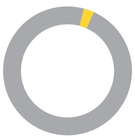
To become a leading player in offering integrated solutions to global pharmaceutical needs in creating a healthier world.

Mission

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

9 out of 10 top generic pharmaceuticals by revenue in 2016-17 are our customers.

Business Segments

	Business	Product & Service Offerings	Filings	Infrastructure
Generics – API **Revenue Contribution**  91.3%	Comprises the development, manufacture and sale of APIs and advanced intermediates in the ARV, Hepatitis C, Oncology, Cardiovascular, Anti-diabetic, Anti-asthmatic, Gastroenterology and Ophthalmic therapeutic areas	• Anti-retroviral (ARV) • Hepatitis C • Oncology • Large volume APIs for cardiovascular, anti-diabetic, anti-asthmatic, gastroenterology therapeutic areas • Small volume APIs for the ophthalmic therapeutic area	• Commercialised 59 products • 39 DMFs filed	4 manufacturing facilities (2,000 KL)
Generics FDF **Revenue Contribution**  0.1%	Comprises the development and manufacture of oral solid formulations Building on API strengths to forward integrate and become a leading FDF player in the global pharmaceutical market	• ARVs • Anti-diabetic • Cardiovascular • Proton Pump Inhibitor	Filed 3 ANDAs with US FDA, one dossier with WHO. In addition completed validation for 4 products	1 billion tablets / year capacity facility (expandable to 5 billion tablets/ year)
Synthesis **Revenue Contribution**  5.4%	Performs contract development and manufacturing services for global pharmaceutical companies from preclinical supplies to commercial scale manufacturing	• Commercial scale contract manufacturing • Clinical phase supplies • Analytical and research services	NA	Dedicated manufacturing (Unit 5) unit for major customer
Ingredients **Revenue Contribution**  3.2%	Comprises the manufacture and sale of specialty ingredients for use in nutraceutical, dietary supplements and cosmeceutical products. Leverages existing R&D, process chemistry competence and manufacturing capabilities	Nutraceuticals (natural ingredients), dietary supplements and cosmeceutical products	NA	Manufactured at Unit 1, Unit 2, Unit 3 and Kilo Lab in R&D

Manufacturing Facilities

Unit	**Location**	**Description**	**Approvals**
Kilo lab	Plot No. DS1 and DS2, IKP Knowledge Park, Turkapally, Shameerpet, Ranga Reddy District, Hyderabad 500 078, Telangana, India	43 reactors and a capacity of 4.3 KL	US FDA, KFDA and PMDA. The latest successful audit by US FDA was in June 2016
1	Plot No. 21, Jawaharlal Nehru Pharma City, Parawada, Visakhapatnam 531 021, Andhra Pradesh, India	API manufacturing facility and includes capacity for ingredients, synthesis and contract manufacturing. 314 reactors with a total capacity of 1,140 KL	US FDA, WHO-Geneva, NIP Hungary, KFDA and PMDA. The latest successful audit by US FDA and WHO-Geneva was in April 2015
2	Plot No. 19, 20, 21, APSEZ, Atchutapuram, Visakhapatnam 531 011, Andhra Pradesh, India	FDF and API manufacturing facility. Plant with a capacity of 1 billion tablets/year for FDF manufacturing. API block with 12 reactors and total capacity of 84 KL	BfArM - Germany. Successful completion of US FDA inspection in API facility in May 2017. EIR received from US FDA for the FDF facility in May 2017
3	Plot No. 18, Jawaharlal Nehru Pharma City, Parawada, Visakhapatnam 531 021, Andhra Pradesh, India	API manufacturing facility and includes capacity for ingredients, synthesis and contract manufacturing 80 reactors installed with a total capacity of 605 KL which is being expanded to 126 reactors with a total capacity of 780 KL and the expansion got completed during the quarter ended December 2016	US FDA, WHO-Geneva, and EU. The latest successful audit by US FDA and WHO-Geneva was in April 2015
4	Plot No. 25, Lalamkoduru, Atchutapuram, Visakhapatnam 531 011, Andhra Pradesh, India	Nutraceuticals, intermediaries and API manufacturing facility	Construction commenced and will be operational in 2017-18
5	Plot No. 102 & 103, SEZ, Lemarthi, Parawada, Visakhapatnam 531 021, Andhra Pradesh, India	API manufacturing facility with a planned capacity of 46 reactors with a total capacity of 126 KL, dedicated to potent intermediaries and APIs	Operations commenced in December 2016

Relevant Facts

55+ NUMBER OF R&D LABORATORIES

90+ APIs MANUFACTURED

41 PATENTS GRANTED TILL 2016-17

39 FILED DMFs

2,600+ EMPLOYEES

SERVING **200+** CUSTOMERS

59 PRODUCTS COMMERCIALISED

Strategic Priorities

Capitalise on leadership position in APIs in select, high-growth therapeutic areas

- Significant increase in eligible HIV patient population with revised WHO guidelines
- ARV drugs patent expiry in the US and European market
- Strong opportunity in Hepatitis C in emerging markets
- Oncology therapeutic areas in regulated markets

Expand API portfolio

- Leverage process chemistry skills to expand API product portfolio
- Contract manufacturing of Generic APIs

Leverage API cost advantage for forward integration into Generic FDF

- Leverage API capabilities and capture operating efficiencies
- 2 partnership for commercialisation of ANDAs in US

Develop synthesis business

- Focus on supply of key starting materials and intermediates for new chemical entities
- Contract with Aspen for supply of hormonal intermediates

Strengthen ingredients business

- Leverage process chemistry skills to strengthen presence in nutraceutical and cosmeceutical sectors as they adopt quality standards at par with pharma industry

Widening Global Presence

Strengths we Cherish

Leadership in APIs in select, high-growth therapeutic areas
At Laurus Labs, we are a leading developer and manufacturer of generic APIs in select, high-growth therapeutic areas of ARV and Hepatitis C. We also manufacture APIs in oncology and other therapeutic areas. Our enriched portfolio and scale of operations help us capitalise on the ARV API opportunity.

Strong R&D capabilities
Our 'research-first' approach has been critical to our success, and remains our key competitive advantage. Our dedicated R&D team is committed to developing processes and products to create a diverse range of cost-effective medicines. Research is a key catalyst that drives our vision of becoming a respected, profitable, and integrated global pharmaceutical company.

Modern and regulatory compliant manufacturing capacities
We have three manufacturing facilities in Visakhapatnam and a kilo lab facility in Hyderabad, which has received one or more approvals from WHO, US FDA, PMDA, NIP Hungary, KFDA or BfArM. We have put in place a robust framework to implement uniform manufacturing standards across all our facilities; and to achieve standardised product quality for all our markets.

Long-standing relationships with multi-national pharmaceutical companies
At Laurus Labs, we have maintained long-standing relationships with multi-national pharmaceutical companies. Our top five customers have been with us for at least five years and they have cumulatively contributed to more than 65% of our total revenue. Key reasons behind our long-lasting relationships are our product quality, and manufacturing standards that comply with evolving regulatory standards.

Robust compliance
We have progressively reinforced our compliance in line with demanding standards in regulated markets. We are strengthening this culture of compliance through consistent investments in people, technologies, and processes.

Experienced promoters and dynamic team
Promoters with nearly three decades of experience drive our team with their vision and strategies for value creation in an evolving regulatory scenario. Our key operational personnel have extensive knowledge and understanding of the global generic pharmaceutical business environment.

They also have the expertise and global experience to organically scale up the business.

Decades-rich experience

The Company's core managerial team has an average pharmaceutical industry experience of more than two decades. Almost all members of the team have been associated with the Company since its formative years.

OUR TOP FIVE CUSTOMERS HAVE BEEN WITH US FOR AT LEAST FIVE YEARS AND THEY HAVE CUMULATIVELY CONTRIBUTED TO MORE THAN 65% OF OUR TOTAL REVENUE.

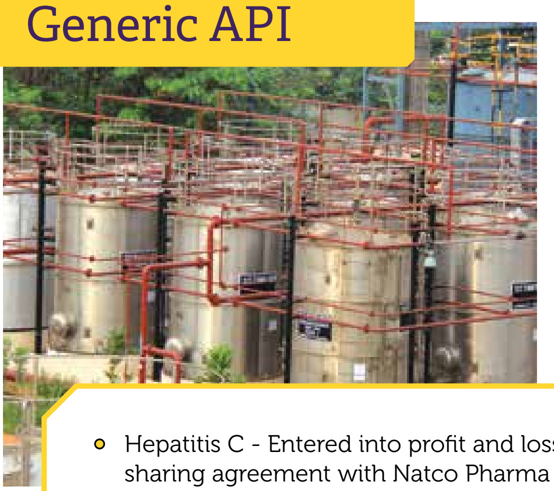
Making an Attractive Investment Case

1. Established commercial capabilities
2. Strong product portfolio across diverse markets
3. Experienced R&D team and large, differentiated pipeline
4. High-quality global manufacturing footprint and efficient operations
5. Experienced management team with a proven track record

Operational Highlights, 2016-17

- Launched a successful IPO
- Prepayment of long-term loans of ₹ 2,263 million from IPO Proceeds, ₹ 596 million spent on general corporate purposes after meeting IPO expenses of ₹ 138 million
- Supply of APIs under ARV, Hepatitis C programmes and Oncology continues to grow
- R&D opex investment ₹ 1,054 million and 5.6% as a percentage of sales
- Unit 4 expansion is in progress, the facility will add capacity to Generics API, Synthesis and Ingredients business
- Operations at Unit 2 of Sriam Labs at Visakhapatnam (100% subsidiary of Laurus) commenced

Generic API



- Hepatitis C - Entered into profit and loss sharing agreement with Natco Pharma for the manufacture and sale of Sofosbuvir, Ledipasvir, Daclatasvir and Velpatasvir
- Entered into a contract with Dr. Reddy's for the development and marketing of several anti-retroviral formulations on profit and cost sharing basis
- Filed 205 patent applications and 41 patents granted
- Expansion of R&D centre at Hyderabad completed
- Successful completion of US FDA inspection at Unit 2 in May 2017

Generic FDF

- Capacity expansion of 5 billion tablets in progress
- Filed 3 ANDAs with US FDA and 1 dossier with WHO from the FDF facility; and intends to file another 6 ANDAs for the next year
- EIR received from US FDA for the FDF facility in May 2017
- FDF opex investments are ₹ 982 million which includes ₹ 335 million relating to the R&D
- Several formulation dossiers under development for US, Europe and other emerging markets

205
TOTAL PATENTS FILED

3 & 1
ANDAs FILED AND DOSSIERS FILED

56
COUNTRIES SERVED

Synthesis

- Unit 5 (dedicated manufacturing facility for Aspen) inaugurated and operational from November 2016
- Signed manufacturing and supply agreement for Oncology NCE for clinical phase and commercial supplies

Ingredients

- Gained leadership position in manufacture and supply of nature identical and highly pure polyphenols and cosmeceuticals ingredients
- Offers consistent product quality and avoids acquired problems associated with co-occurring impurities etc.
- Manufactured at GMP certified facility, REACH, Self-Affirmed GRAS, Kosher & Halal Certified
- Independent assurance for Carbon Foot Print by E&Y for key products Curcumin and Resveratrol

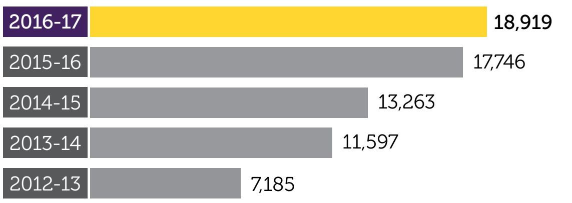
Financial Highlights

- Net Profit improved by 40% in 2016-17, due to higher business in APIs and improved contribution from synthesis business
- Ingredients business showed 34% gains y-o-y with deepening of engagement with key customers
- Operating Margins during the year improved by 19.3% driven by healthy gains in the primary APIs business over the previous year

Profit and Loss Metrics

Net Sales

₹ in million

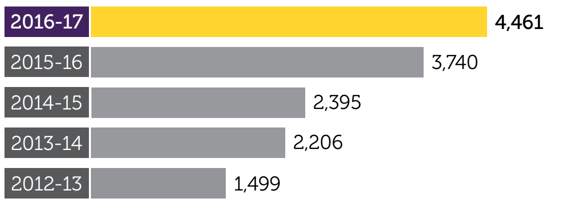


5-YEAR CAGR
27%

Income saw a growth of 6.6% as compared to last year driven by strong volume expansion.

EBITDA

₹ in million

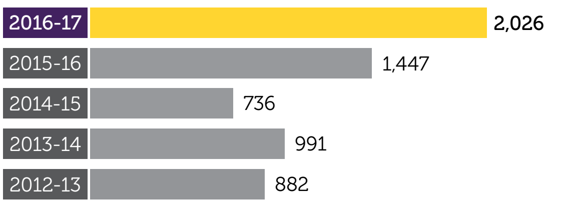


5-YEAR CAGR
31%

EBITDA grew from ₹ 3,740 million in 2015-16 to ₹ 4,461 million in 2016-17 showing a growth of 19.3%.

Net Profit

₹ in million

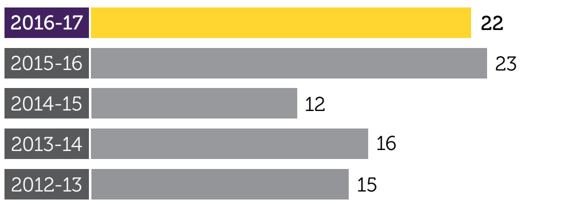


5-YEAR CAGR
23%

Net Profit rose from ₹ 1,447 million in 2015-16 to ₹ 2,026 million in 2016-17 showing a growth of 40%.

EPS - Basic - Post Bonus*

in ₹



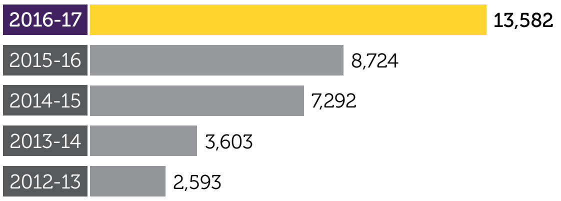
5-YEAR CAGR
11%

*During the year ended March 31, 2017, the Company on July 27, 2016, allotted 73,971,303 equity shares of ₹ 10/- each to the then existing shareholders of the Company.

Balance Sheet Metrics

Networth

₹ in million

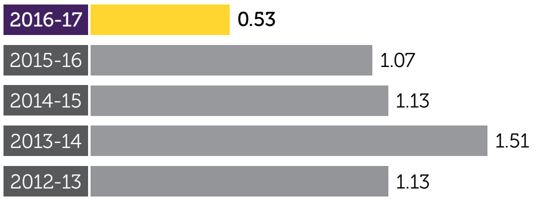


5-YEAR CAGR

51%

Networth for 2016-17 stood at ₹ 13,582 million as compared to ₹ 8,724 million in 2015-16.

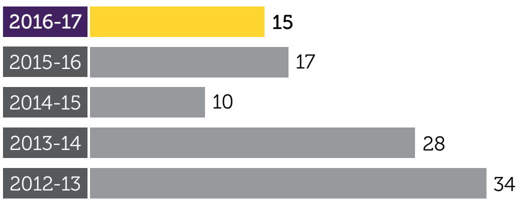
Debt Equity Ratio



Debt-equity ratio stood at 0.53 in 2016-17 as against 1.07 in 2015-16.

Return on Networth

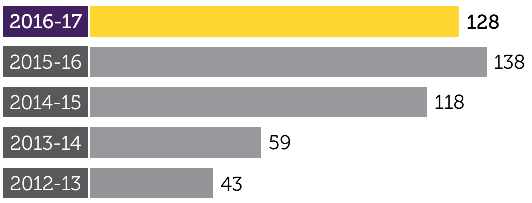
in %



Return on Networth stood at 15% in 2016-17 as compared to 17% in 2015-16.

Net Asset Value per share

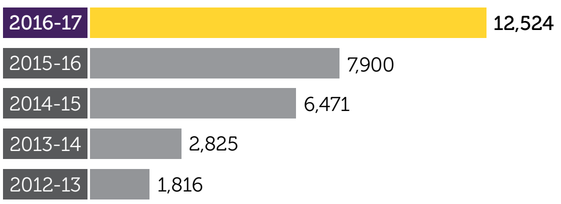
in ₹



The Net Asset Value per share stood at ₹ 128 in 2016-17 as compared to ₹ 138 in 2015-16.

Reserves & Surplus

₹ in million



Reserves and Surplus as on March 31, 2017 stood at ₹ 12,524 million.

Note: Data pertaining to 2012-13, 2013-14 & 2014-15 are as per IGAAP 2015-16 & 2016-17 are as per IND AS

Our Value Creation Model

Pillars of value creation

Values

We are committed to conducting business ethically and strive to achieve the highest quality standards. This approach helps ensure that our business is sustainable.

Infrastructure

We have extensive manufacturing capabilities across our markets, and we are focused on operational excellence.

Great team and knowledge accretion

We nurture a highly skilled, experienced and a diverse workforce.

We design training modules and impart need-based training to our teams to drive future growth.

Relationships

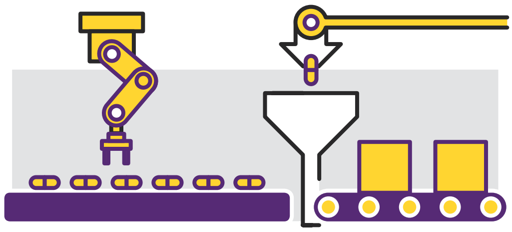
Strong relationships with regulators and health authorities across our markets; and successful collaborations with industry partners, enable us to achieve our growth objectives.

Strong balance sheet

We have a track record of strong performance and delivering a positive balance sheet. This builds a robust foundation to execute our business model.

Our initiatives

Key initiatives include identifying unmet medical needs, acquiring and developing innovative products, manufacturing those products to the highest standards and selling them either directly or through partners.



Manufacturing and quality compliance

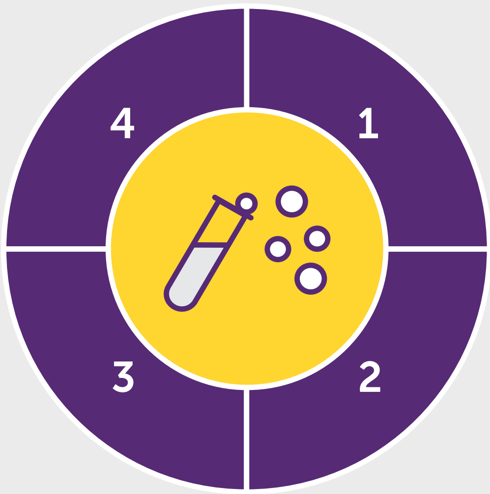
We are committed to maintaining the highest quality standards in all our manufacturing facilities. The operational manufacturing capacity has 541 reactors and an aggregate reactor volume of 2,134 KL.

Marketing and selling

While APIs, intermediates and ingredients are directly sold to pharmaceutical and other companies, in certain cases we utilise the services of selling and marketing agents.

Our sales and marketing team comprises 25 personnel who are based across Hyderabad, the US and UK for sale of our products to pharmaceutical and other companies.

Value we create



Patient benefits
Our high-quality, affordable medicines benefit patients across markets. We have major focus on Hepatitis C, mostly seen in South Asia and North Africa and Anti-retroviral therapies in the African region.

Employee benefits
By focusing on the empowerment and development of our people, we provide long and rewarding careers to our talented and diverse workforce.

Stakeholder returns
Economic and financial returns are reinvested for future growth.

Responsible business
By conducting our business in an ethical manner and acting responsibly, we are creating long-term value for our stakeholders and helping communities.

Outcome of operations

₹ **18,919** million
REVENUE

₹ **2,026** million
NET PROFIT

₹ **22/-** share
EARNINGS PER SHARE

₹ **1.50/-** share
DIVIDEND DECLARED

CEO's Perspective

Dear Shareholders,

It's great moment for all of us. After the successful launch of our IPO, the Laurus family has grown significantly; and I am privileged to welcome every new member to a journey, which is surely going to be both exciting and eventful. I am happy to share that Laurus Labs has come a long way since we began operations in 2005. Today we are a leading player, offering integrated solutions to global pharmaceutical companies. Your participation will encourage us to seek new frontiers for patient to benefit globally.

Financial Year 2016-17 marks an important landmark in our Company's evolution. We achieved positive outcomes on almost all fronts. The most significant milestone of the year was that our Company got listed on the stock exchanges.

What makes the whole story even more fascinating is the fact that the IPO was launched at a time when the Indian economy and the industry were passing through a temporary hardship following the Government's demonetisation drive. Yet the response from our shareholders was heartening. In this context, it is pertinent to mention that it is perhaps the first IPO in recent memory where the employees quota got oversubscribed. Our employees have reaffirmed their commitment to be a part of the Company's growth story through this gesture. It is both a privilege and a responsibility for us, and we are determined to deliver on the aspirations of all our stakeholders.

We have a clear strategy for growth. It revolves around enhancing and enriching our current portfolio, nurturing our people, deepening our investment in R&D for product development and enhancing our manufacturing capabilities. As a well-diversified organisation, we are positioned to capture significant opportunities and enter new markets, while continuing to grow in our traditional regions.

Our standalone revenues stood at ₹ 18,919 million in 2016-17, against ₹ 17,746 million in 2015-16. We have once again demonstrated excellence in our operational efficiencies. Our EBIDTA grew by 19.3% to ₹ 4,461 million vis-à-vis ₹ 3,740 million in the previous year. Our PAT grew by 40% to ₹ 2,026 million against ₹ 1,477 million in 2015-16. Each of our core business segments (Generics – API, FDF, Ingredients and Synthesis) registered strong performance in 2016-17.

> "Our employees have reaffirmed their commitment to be a part of the Company's growth story through this gesture. It is both a privilege and a responsibility for us, and we are determined to deliver on the aspirations of all our stakeholders."

Strengthening portfolio

During the year, we continued to optimise our product portfolio, focusing more on products that hold significant promise in various domains of human health. We are particularly focused on growing our presence in our key therapeutic areas, comprising ARV, Hepatitis C and Oncology. We have built a leadership position in the manufacturing of APIs in the ARV therapeutic area and believe that there are significant opportunities in this area.

The primary reason for this includes expected increase in the HIV patient pool, as well as the current WHO guidelines, recommending early treatment initiation. We are also looking to expand our presence in new therapeutic areas, such as anti-diabetic, cardiovascular, anti-asthmatic, gastroenterology areas and APIs for the ophthalmic segment.

> We consistently focus on cost efficiency in existing API products and processes; and widen our product portfolio through steady investments in different domains of R&D."

₹ **4,461 million**

EBITDA FOR 2016-17, 19.3% GROWTH Y-O-Y

Our future growth multipliers will be our capacities, research-first approach, efficiencies, product profile; and our ability to deliver on the expectations of our customers and stakeholders.

Adding capacity

We have enhanced our developing capabilities for botanical extraction and purification, to capture the growing market of natural ingredients. We now have three more manufacturing facilities in Visakhapatnam through the acquisition of Sriam Labs.

Reinforcing R&D backbone

Our research and development initiatives are determined by market demand, and technology changes. We consistently focus on cost efficiency in existing API products and processes; and widen our product portfolio through steady investments in different domains of R&D.

Our R&D team strives to improve cost competence for existing as well as new products. We believe that our methodical approach to selection of molecules, which involves evaluation of technical, and commercial feasibility data, and customer feedback has produced encouraging results. Our efforts resulted in filing of 39 DMFs.

Achieving better collaboration and efficiencies

We are improving our operating processes to achieve measurable outcomes in less time. We have introduced new communications and management systems for better communication and faster decision-making across hierarchies. We accord high priority to quality compliance and follow identical standards across all our facilities.

Human capital

At Laurus, we encourage non-linear thinking and motivate our people to learn new skills and pursue excellence across all operations. We operate in a knowledge-driven industry, where thought leadership translates into market leadership and brand recall. I would like to thank my colleagues for their steadfast commitment and continued hard work.

Road ahead

We are building an innovation focused and future-ready company with emphasis on quality compliance and risk governance. We have attained leadership, scale, attractive portfolio and are expanding our presence across geographies. Our clients rely on our strong R&D capabilities and process chemistry skills, and we are fostering long-standing relationships with them.

I believe that we have never been in a better position to deliver on the expectations of our stakeholders than at present. We will continue to work hard to provide high quality, affordable medicines to combat diseases and help ease suffering. On behalf of the entire management team and each and every member of the Laurus family, I thank our widening stakeholder community for their unflinching support and guidance.

Regards,

Dr. C Satyanarayana
Chief Executive Officer

With consistent innovation, robust infrastructure, enriched product portfolio, vigorous compliance, and quality standards, along with deep and *diverse partnerships, we are charting new pathways. Towards sustainable growth and value creation.*

Consistent Innovation

Since inception, we have followed the 'Research first' approach. This approach has been critical to our success in the past; and will also drive our growth in future. Our steadfast focus on R&D is facilitating forward integration (FDF facility) by aiding filings of ANDAs and dossiers. We invest in R&D to develop difficult-to-manufacture products across multiple therapeutic areas in a cost-effective manner.

We have deployed an efficient R&D strategy in which operational teams not only develop and optimise technological solutions, but also ensure that these innovations are scalable and compatible with the changing regulatory scenario.

This focused strategy enables us to launch products in global markets with speed to help make a telling impact in human health. Around 6% of the Company's revenue is invested in R&D. As on March 31, 2017, the Company owned 41 patents and had applied for 205 patents, in several countries.

Long-lasting partnerships are the outcome of our innovation. We collaborate with our strategic partners, who have always valued our broad internal product development capability, reliability and customer service. We respond to customer expectations with speed and drive execution with a high level of ownership.

In line with our vision of becoming a leading provider of a variety of pharmaceutical services to global players, we currently have contracts with generic pharmaceutical companies such as Citron Pharma LLC ('Citron'), NATCO and Dr. Reddy's Laboratories Limited for the development of finished dosage products in the several therapeutic areas

AROUND 6% OF THE COMPANY'S REVENUE IS INVESTED IN R&D. AS ON MARCH 31, 2017 THE COMPANY OWNED 41 PATENTS AND HAD APPLIED FOR 205 PATENTS, IN SEVERAL COUNTRIES.

Leadership

We have been able to discover new synthetic routes and product variants owing to our superior process chemistry skills and cost-effective process optimisation. This has led to our market leadership position for key products in the ARV, Oncology and Hepatitis C therapeutic areas.

on a profit and cost sharing basis. We have also entered into an agreement with Aspen - the largest pharmaceutical company. We have also set up a dedicated manufacturing block at Unit 1 manufacturing facility for this purpose. The Unit 5 commenced operations in December 2016.

We enter alliances with business partners for:

- Out-licensing of projects from our development pipeline
- Joint Product Development with manufacture and supply of Finished Dosage Forms
- Work with partner collectively on early launch opportunities - advantages of API or FDF innovation - Licensing/Royalty/ Profit share based business model
- Life cycle management utilising Laurus' ability to be the 'last man standing' in key molecules
- Site transfer and contract manufacture for regulated markets

More products and deeper integration

We are enhancing our capabilities to develop a wide array of products and more integrated services for our customers. Our objective is to make our customers more efficient and competitive in global markets.

Robust Infrastructure

At Laurus Labs, we have progressively invested in adding capacities to leverage economies of scale and to ensure adequate supply for our customers. We have four manufacturing facilities currently operational in Visakhapatnam and a kilo lab facility in Hyderabad.

To meet the growing product demand, we have enhanced the aggregate reactor volume of our facilities to 2,134 KL. We have more expansion in the pipeline, following which our aggregate reactor volume will increase to around 2,600 KL during the financial year 2018. In addition, we also have two manufacturing facilities, one in Bibinagar near Hyderabad and the other in Visakhapatnam through our acquisition of Sriam Labs.

Key Features of Unit 5

- Bio-tech based, highly-automated fermentation process where 'germination' is the key - a first-of-its-kind in Laurus
- State-of-the-art interlocking system which ensures safe operations
- Manufactures hormonal drugs which involves Hazardous Reactions like Hydrogen, Sodium Borohydride, Acetylene, Liquid Ammonia, Sodium Metal, Lithium and Grignard Reagent etc.

WE ARE STEADFAST TO MAKING CONTINUED INVESTMENTS TO IMPROVE MANUFACTURING PROCESS EFFICIENCIES AND BACKWARD INTEGRATION STRATEGY TO MAINTAIN COST-EFFECTIVENESS IN KEY PRODUCTS.

- Underground Solvent Storage Tanks for accommodating a wide range of solvents to save space while ensuring safety
- Manufacturing Block 1 (MB1) is the tallest block ever made at Laurus with 29 Reactors
- Uses Isolators extensively for charging basic raw material as well as unloading ANFDs, even for sampling and dispensing
- Advanced in terms of automation which provides ease of operations
- Automated single fluid heating and cooling system

Streamlining operations

We are continuously augmenting resources and streamlining operations. We provide top-notch services that offer good value for money. We are steadfast to making continued investments to improve manufacturing process efficiencies and backward integration strategy to maintain cost-effectiveness in key products.

Optimising pipeline

We are sharpening our focus on key therapeutic areas and taking advantage of exciting new possibilities. We are encouraging new leaders with an entrepreneurial mindset to drive operations globally.

We are creating an exciting culture of opportunity and responsibility, where instant decision-making and flawless execution are our promises.

Enriched Product Portfolio

AT LAURUS LABS, WE HAVE ESTABLISHED A STRONG COMPETENCE IN THE DEVELOPMENT AND MANUFACTURE OF POTENT MOLECULES.

On the strength of our in-house expertise, we are undertaking several initiatives to strengthen our impact on a few more product segments. We have always been proactive in product launches, with increasing focus on differentiated and complex products.

Each of the following product groups is likely to help the Company gain growth momentum.

Benefit from leadership position in high growth therapeutic areas

We are one of the world's leading suppliers of anti-retroviral APIs and intermediates. Our low-cost technologies in this critical segment is helping us enhance access to medicines for those in need throughout the world. Our products like Tenofovir, EFV and FTC, are recommended by WHO as the preferred first-line regimens. We will also benefit from the near-term patent expiry of ARV drugs in the regulated markets of the US and Europe.

While significant progress has been made in the field of human immunodeficiency virus (HIV), there is still a growing need for new treatment options for people as they age with the disease. At Laurus Labs, we are also focused on advancing care for people with Hepatitis C Virus (HCV). We have an arrangement to manufacture and sell Hepatitis

C APIs with our partner, commanding about 40% share of the Indian Hepatitis C market. Such a strategy positions us well to capture growth from higher patient volumes.

Focus on API portfolio

At Laurus Labs, we have developed several products in the anti-diabetic, cardiovascular and gastroenterology therapeutic areas. We are currently in the process of setting up dedicated capacities to manufacture products in these therapeutic areas at our Unit 3 manufacturing facility.

Our compliant manufacturing facilities are attracting global generic pharmaceutical companies to engage us for the contract manufacturing of generic APIs. Currently, we have four customer contracts for manufacturing of generic APIs.

Forward integration into generic finished dosage formulation

At Laurus Labs, we have established a strong competence in the development and manufacture of potent molecules. Our objective is also to establish capability to manufacture potent oral products.

We are also setting up state-of-the-art oral finished dosage facilities, conforming to international regulatory standards. The facility has a pilot plant and initial commercial capacity of 1 billion units, expanding to 5 billion units over time, with an investment of ₹ 3 billion. We have filed one dossier with WHO and three ANDAs applications in the US.

Synthesis business

We have entered into an intermediate toll manufacturing and supply agreement with Aspen, pursuant to which we will manufacture and supply certain hormonal intermediates. We have set up Unit 5 as a dedicated manufacturing facility to manufacture and supply certain APIs and intermediates exclusively to Aspen.

Meticulous Compliance and Quality Assurance

We follow the philosophy of "one quality for all markets". The manufacturing facilities adhere to a rigorous quality framework and assurance procedures in line with regulatory standards.

We endeavour to ensure that quality is in line with cGMP norms and improve benchmark standards. We have invested heavily in compliance processes with inputs to create responsiveness, hire more personnel and upgrade our equipment and facilities.

We have integrated risk-based quality management system in all our product life cycles. Through rigorous implementation of our EHS processes, we create safe working conditions.

Regulatory compliance

- Laurus Labs is fully committed to ensure that our manufacturing facilities comply with international regulations for current Good Manufacturing Practice (cGMP), Good Laboratory Practice (GLP) and locally applicable regulatory requirements
- We have been inspected by most regulatory bodies, including US FDA, MHRA, TGA, KFDA, WHO-cGMP and PMDA
- We have experience in filing DMFs in accordance with the requirements of FDA (US DMF), EDQM (CEP), ICH (ASMF in ECTD format), PMDA (J-DMF) and other agencies
- We have obtained written confirmation to export active substances to the European Union for medicinal products (meant for human use) in accordance with Article 46b(2)(b) of Directive 2001/83/EC

WE HAVE INTEGRATED RISK-BASED QUALITY MANAGEMENT SYSTEM IN ALL OUR PRODUCT LIFE CYCLES.

Regular Inspection at different Manufacturing Facilities

2017	2016	2015	2014
WHO, US FDA	US FDA	WHO, US FDA, EU (German)	WHO, US FDA, CDSCO
2013	**2012**	**2011**	**2010**
WHO	US FDA	KFDA, US FDA, WHO	MHRA

Teaming up with Talent

OUR ROBUST PERFORMANCE MANAGEMENT SYSTEM FOCUSES NOT ONLY ON SMART GOAL-SETTING, BUT ALSO RIGOROUS PERFORMANCE MANAGEMENT, COACHING AND REVIEW METHODOLOGIES.

Our commitment to building a world-class organisation starts with our people. We have put in place a culture of high performance and consistent learning, where every member of the team feels recognised and rewarded.

The passion and commitment of our people is the result of a deep-rooted value system and an energised work culture that supports innovation and ambition.

Learning and development

Learning and development is an important ingredient of our talent management and development that helps us expand the knowledge horizon and capabilities of our employees. We focus on in-house soft skills and behavioural learning interventions through contemporary learning methodologies like simulation and team building. We also participate in certification or external technical up-gradation seminars, conferences, and symposia to build capabilities in a holistic manner.

Performance management

Our performance management is driven by the philosophy of driving high performance. Our robust performance management system focuses not only on SMART goal-setting, but also rigorous performance management, coaching and review methodologies.

Engaging the workforce

At Laurus Labs, we support a culture of collaboration, teamwork, learning and engagement.

Our endeavour is to create a work environment that enables our employees to bring out their best. A host of facilities like cafeteria, transport facility, childcare facility, annual health check, medical insurance, holiday benefits, relocation allowance, shift allowance, and other amenities ensure a safe and pleasant work environment.

Employee health and safety

Safeguarding the health and safety of our people is integral to our commitment to remain a responsible organisation. Our employees are rigorously trained with advanced safety and security standards to minimise hazards and ensure high performance.

Risk Management & Mitigation

The Company's risk-management strategy is to identify, assess and mitigate any significant risks. We have established processes and guidelines, along with a strong overview and monitoring framework at the Board and Senior Management levels.

Nature of Risk	Definition and Impact	Mitigating Factors
Industry Risk	Downturn in the industry could adversely impact the Company's performance	• Laurus Labs is present across the world's major pharmaceutical markets • The Company periodically evaluates various developments in those markets to identify the risk, if any, arising from such developments
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 relationships 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	Pharmaceutical business is highly regulated and is under continuous surveillance by various regulatory authorities from across the world. 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

Nature of Risk	Definition and Impact	Mitigating Factors
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, efficient process optimisation and niche product portfolio have resulted in widespread global presence and market leadership
Operating Risk	Inability to manage vendor-cum-customer relationships could impact revenues	• Laurus Labs has retained vendor-cum-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 adversely impact the capability to meet customer demand, 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

Corporate Social Responsibility

At Laurus Labs, our fundamental approach to business is to create long-term sustainable value for our customers, employees, shareholders and society. We recognise our social, economic and environmental responsibility to the communities in which we operate.

AT LAURUS LABS, THROUGH OUR CSR INITIATIVE WE FOCUS ON BUILDING A BETTER, SUSTAINABLE WAY OF LIFE FOR THE WEAKER SECTIONS OF THE SOCIETY.

We are committed to make a positive difference to the society and contribute to a worthwhile by using our internal ability in solving problems by keenly contributing in the social and economic development and partnering with external communities/ NGOs. At Laurus Labs, through our CSR initiative we focus on building a better, sustainable way of life for the weaker sections of the society.

List of activities undertaken during the year:-

- Donated an amount of nearly ₹ 33 lakhs to LV Prasad Eye Institute, promoting preventive healthcare
- Constructed market yard to support rural development and to facilitate employment among the villagers
- Donated school benches for the government schools located in Parawada, Visakhapatnam
- Contributed stipend for Krishna University Students as per the agreement executed with them during the internship
- Sponsorship to Swarna Bharat Trust towards spending on the rural development projects and promoting education, employment and enhancing vocation skills
- Supported for digitisation in one of the remote villages near Vijayawada
- Sponsored mobile science van to promote education in all the schools in Parawada, Visakhapatnam
- Sponsored drinking water facility for Government Pharmacy College in Vishakhapatnam
- Donated funds for ear surgeries, purchase of hearing instruments and also provided financial help for cochlear implants
- Contributed salary for an additional school teacher in Government primary school in Turkapally
- CSR Promotion for ISB Programme
- Sponsored the tuition fee as well as the stipend for MSc integrated course to Gitam University
- Donated vehicle for carrying garbage in Mogalipuram Panchayathi under Swachh Bharat programme

Awards and Recognitions

- Dr. Satyanarayana Chava nominated as one of the members of US pharmacopeia Board of Trustees (BoT)
- Awarded the "Best Management Award - 2016" by the Government of Andhra Pradesh. The award was given to the company in recognition of its excellence in management practices, harmonious industrial relations, industrial productivity and the commendable contribution for the welfare of labour
- Received "HMTV Business Excellence Award 2017". The Award was presented to Mr. V V Ravi Kumar, Executive Director
- Awarded Pharmexcil Silver Award in the Bulk Drugs Category on September 23, 2016. The award stands testimony to our continued excellence in the manufacture and export of bulk drugs
- Received the National Safety Award 2016. This award being conferred for the 4th consecutive time in a row is a testimony for developing and implementing effective safety management systems and procedures in the company

AWARDED THE "BEST MANAGEMENT AWARD - 2016" BY THE GOVERNMENT OF ANDHRA PRADESH IN RECOGNITION OF ITS EXCELLENCE IN MANAGEMENT PRACTICES, INDUSTRIAL PRODUCTIVITY AND THE COMMENDABLE CONTRIBUTION FOR THE WELFARE OF LABOUR.

Board of Directors

1 **Dr. Satyanarayana Chava**
Chief Executive Officer (CEO)

Dr. Satyanarayana Chava is the Founder and Chief Executive Officer of Laurus Labs. He is also Whole-Time Director of the Company. He holds Bachelor's and Master's degree in Science from Andhra University and has completed his Ph.D in the year 1992. With over three decades of experience in the pharmaceutical industry, he has been steering the Company towards growth, both in domestic and global markets. He has valuable experience in various domains of the industry like research and development, and API process development. His stints with top pharmaceutical companies let him gather experience in other aspects of the business such as manufacturing and business development. He has more than 100 patents registered in his name, which helped him garner knowledge regarding intellectual property in the pharma space.

2 **Dr. Srihari Raju Kalidindi**
Executive Director

Dr. Srihari Raju Kalidindi has been an Executive Director and Whole-Time Director of the Company since 2006. He holds Bachelor's and Master's degree in Science from Andhra University and the University of Roorkee, respectively. He also obtained Ph.D from Andhra University. Over the last decade, he has been among the core members of the senior management team; and contributed significantly to the organisation's growth. He has over three decades of experience in various business functions of the industry including research and development, operations and business development. He gained experience working in the US and Australia for more than a decade. He has several patents and research publications to his credit.

3 **Mr. Venkata Ravi Kumar Vantaram**
Chief Financial Officer (CFO) and Executive Director

Mr. Venkata Ravi Kumar Vantaram is an Executive Director and Whole-Time Director at Laurus Labs since 2006. He holds Bachelor's and Master's degree in Commerce from Andhra University and is a member of the ICWAI. With nearly three decades of experience in finance, information technology and supply chain, he contributed significantly in formulating and executing core strategies for the Company. His knowledge in dealing with mergers and acquisitions, and joint venture management in the global context has helped Laurus Labs emerge as a global pharmaceutical player.

4 Mr. Chandrakanth Chereddi
Executive Director

Mr. Chandrakanth Chereddi is an Executive Director and Whole-Time Director of the Company since August 9, 2016 and has been associated since February 10, 2012. He has over eight years of experience in the field of project management. Before Laurus Labs, he worked with McKinsey & Company as a healthcare practice member in India.

He holds a bachelor's degree in Engineering (Computer Science and Engineering) from Osmania University and a master's degree in Science in Electrical and Computer Engineering from the University of Illinois. He has also completed the post graduate program in Management from the Indian School of Business, Hyderabad.

5 Mr. Rajesh Kumar Dugar
Director

Mr. Rajesh Kumar Dugar has a decade-long experience in the private equity industry of India. He has worked with prestigious organisations like The Carlyle Group and Merlion (Temasek-Standard Chartered JV). He has an AB degree from Dartmouth College and an MBA degree from MIT Sloan School of Management. Currently, he is the Managing Director at FIL Capital Advisors (India) Private Limited.

6 Mr. Narendra Ostawal
Director

Mr. Narendra Ostawal is the Managing Director at Warburg Pincus' India division and focuses on Warburg's investments in India. Previously, he worked as an Associate with 3i Group plc, and McKinsey and Company. He is a CA and an MBA from Indian Institute of Management, Bangalore.

7 Mrs. Aruna Rajendra Bhinge
Independent Director

Mrs. Aruna Rajendra Bhinge is a Non-Executive, Independent Director of the Company. She holds a bachelor's degree and a master's degree in Science from the University of Poona and the University of Bombay respectively. She also holds a master's degree in Management Studies from the University of Mumbai. She has over 15 years of experience in the field of food security and strategic planning. She was the head of food security agenda, APAC at Syngenta India Limited.

8 Dr. Rajesh Koshy Chandy
Independent Director

Dr. Rajesh Koshy Chandy is a Non-Executive, Independent Director of the Company. He holds a bachelor's degree in Engineering (Electronics and Communications) from the Madurai Kamraj University, a master's degree in Business Administration from the University of Oklahoma and a Ph.D in Business Administration from the University of Southern California. He has been a professor of marketing at the London Business School and has held the Tony and Maureen Wheeler Chair in Entrepreneurship at the London Business School.

9 Mr. Ramesh Subrahmanian
Independent Director

Mr. Ramesh Subrahmanian is a Non-Executive, Independent Director of the Company. He holds a bachelor's degree in Commerce from the University of Bombay. He is also a certified chartered accountant from the Institute of Chartered Accountants in England & Wales. He has over 25 years of experience in pharmaceuticals, medical devices and speciality chemicals including 19 years of experience with Sanofi and its predecessor companies (Aventis, HMR, Hoechst AG). He is also the founder and director of Alchemy Advisors, an advisory firm based in Singapore.

10 Dr. M. Venu Gopala Rao
Non-Executive Chairman and Independent Director

Dr. M. Venu Gopala Rao is a B.Sc. (Hons) in Chemical Engineering from The Andhra University, with a Post-Graduation in Pulp and Paper Technology from the Forest Research Institute, Dehradun. He received advanced training in Pulp and Paper Technology in the U.S.A. and, subsequently, one year of intensive training in Rayon Grade Pulping at M/s. Snia Viscosa S.P.A. Italy, pioneers in Man-Made Fibre Industry. Dr. Rao was the past Chairman of Indian Paper Makers Association and is a Director on the Boards of various Companies of Nava Bharat Group.

11 Dr. Ravindranath Kancherla
Independent Director

Dr. Ravindranath Kancherla is a world renowned expert in Surgical Gastroenterology and Laparoscopic Surgery and is heading Global Hospitals Group. He developed India's most comprehensive Hospital dedicated for Gastroenterology and a center to efficiently conduct the complicated procedure of organ transplantation. With extensive experience in surgeries, Dr. Ravindranath has become an authority in liver, pancreatic and bile duct resections, revision gastric surgeries, and reconstructive coloproctology. He has trained over 700 surgeons in laparoscopic procedures.

Management Team

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

Dr. Anjaneyulu G S R has over 25 years of experience in pharmaceutical industry with over 120 patents and 20 scientific journals to his name. A member of American Chemical Society, he has served as the Associate Vice President at Matrix Laboratories. He led the research and development team that handled the API research there. He has a rich experience of intellectual property management, process development, scale-up and technology transfer of drug substances of many therapeutic categories, fine chemicals and intermediates.

Dr. Uma Maheswer Rao V
Executive Vice President (API R&D)

Dr. Uma Maheswer Rao V is the Executive Vice President (API R&D) of the Company and has been associated since June 9, 2016. He holds a master's degree in Science and a Ph.D from Osmania University. He has several years of experience in the fields of process research and development and API manufacturing process. Prior to joining Laururs Labs, he was the executive director of Sriam Labs.

Dr. Lakshmana Rao C V
Executive Vice President - Quality

Dr. Lakshmana Rao C V is an expert in analytical development with over 23 years of experience in research and development. He has developed High-Performance Liquid Chromatography (HPLC) methods for several APIs and drug products. He has also validated several HPLC methods for assay and related substances for anti-cancer drugs. Earlier, he worked as development specialist at Mayne Pharma, Australia.

Mr. Srinivasa Rao S
Executive Vice President - Manufacturing

Mr. Srinivasa Rao S spearheads the Company's manufacturing facility at Vizag. He is a post graduate in Chemistry. He has over 24 years of experience working with various pharma companies in production planning, coordination and execution of the manufacturing processes.

Mr. Bhaskaraiah M
Senior Vice President

Mr. Bhaskaraiah M is a chemical engineer with over 20 years of experience in the pharma industry. Previously, he has worked with top pharma companies where he served in different positions.

Mr. Martyn Oliver James Peck
Senior Vice President

Mr. Peck handles the business development of the Generics business unit. He has over 20 years of experience in the industry and has performed various functions such as sourcing, purchasing, sales and market intelligence. Moreover, he has served as the Global Head of API Sourcing for Mayne Pharma, previously. He is a BSc in Biological and Medicinal Chemistry.

Dr. Prafulla Kumar Nandi
Senior Vice President

Dr. Prafulla Kumar Nandi brings along 22 years of rich experience in Global Regulatory Affairs and Pharmaceutical Research. He is actively involved in managing the regulatory submissions and negotiating with regulatory authorities to obtain timely product approvals. He has extensive knowledge in Global Drug Development for highly regulated markets like USA & Europe. He has strong background in providing responses to regulatory agencies regarding product information or issues. Before joining Laurus, he was associated with Apotex India, Jubliant Generics and Sun Pharma Advanced Research Centre among others.

Management Discussion and Analysis

Economic Overview

Global Economy

The global economy gained momentum in the fourth quarter of 2016 from a rather lacklustre performance in the beginning of the year. Encouragingly, the impetus is expected to continue. Global economic growth is likely to strengthen from an estimated 3.1% in 2016 to 3.5% in 2017. The primary reasons for this growth, include buoyant financial markets and a long-awaited cyclical recovery in manufacturing.

The impact on global economic growth and business performance has been mixed so far. The performance of emerging and developing economies, except India has been rather challenging in 2016. With persistent structural shifts occurring in the global economy, emerging market and developing economies may have to reorient and recalibrate their strategies for future growth. However, the considerable income gaps in these economies vis-à-vis their advanced counterparts suggest further room for catch-up. Such a scenario will enable these economies to sustain relatively strong potential growth over the medium term.

China, the world's second largest economy, is projected to grow by 6.7% in 2017. The major factors comprise: strong fiscal support provided by the government, loose monetary policy, and a booming property market. The currencies of advanced commodity exporters have also strengthened, reflecting the firming up of commodity prices, whereas the euro and especially the Japanese yen have weakened.

Global Growth (%)

Particulars	2016	Projections 2017	Projections 2018
World Output	3.1	3.5	3.6
Advanced Economies	1.7	2.0	2.0
United States	1.6	2.3	2.5
Euro Area	1.7	1.7	1.6
Japan	1.0	1.2	0.6
United Kingdom	1.8	2.0	1.5
Other Advanced Economies *	2.2	2.3	2.4
Emerging and Developing Economies	4.1	4.5	4.8
China	6.7	6.6	6.2
India	6.8	7.2	7.7

*Excludes the G7 (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and euro area countries

Source: International Monetary Fund (IMF) Outlook

CONSIDERABLE INCOME GAPS OF EMERGING ECONOMIES VIS-À-VIS THEIR ADVANCED COUNTERPARTS SUGGEST FURTHER ROOM FOR CATCHUP. SUCH A SCENARIO FAVOURS THEIR PROSPECTS OF MAINTAINING RELATIVELY STRONG POTENTIAL GROWTH OVER THE MEDIUM TERM.

Outlook

Global economic activity is stabilising, but legacy challenges remain. The momentum can only be sustained if policymakers implement the right set of policies and avoid missteps.

For many economies, continued demand support and well-targeted structural reforms to lift supply potential and broaden economic opportunities across the skills spectrum remain the primary objectives. The precise combination of priorities differ across individual economies, depending on their cyclical conditions, structural challenges, and needs for enhancing resilience.

Indian Economy

India's GDP for 2017 is expected to touch 7.1%, demonstrating the fact that India's economic fundamentals continue to be strong. The year 2017 was marked by a variety of institutional reforms such as the implementation of the Insolvency and Bankruptcy Code, creation of Monetary Policy Committee, redesigning of the FRBM framework, passage of GST, and finally, the policy thrust towards a less-cash formal economy. The National Health Policy 2017 is also a significant milestone in the history of public health in the country.

The Policy recommends prioritising the role of the Government in shaping health systems in all its dimensions. The country's economic fundamentals (low fiscal and current account deficit, moderate inflation, and manageable trade deficit) and consistent thrust on infrastructure and reforms will create more opportunities for businesses and employment.

India's GDP Growth

Source: Central Statistics Office (CSO)

Outlook

India's economic growth is expected to accelerate, backed by improved investor confidence, and better policy reforms. The Government's continuing fiscal consolidation, and gradual improvement in rural demand are expected to drive growth, going forward.

The country's growth rate is likely to touch 7.4% in 2018, driven by a rebound in consumption demand post demonetisation. In addition, long-term consumption growth will be driven by major factors: government's impetus towards reforms across all sectors of the economy; low interest rates; benign inflation; favourable demographics (half of the population is below the age of 35), and an expanding addressable market size (India now has 50 large consumption hubs).

Pharmaceutical Industry

Global

The global spending on medicines is likely to reach US$ 1.5 trillion by 2021, up 33% from 2016 levels, but down from recent high growth rates in 2014 and 2015 (Source: Quintiles IMS, Outlook for Global Medicines Through 2021: Balancing Cost and Value). The medicine spending is expected to grow by 4-7% compound annual growth rate (CAGR) during the next five years, down from the nearly 9% growth level seen in 2014 and 2015.

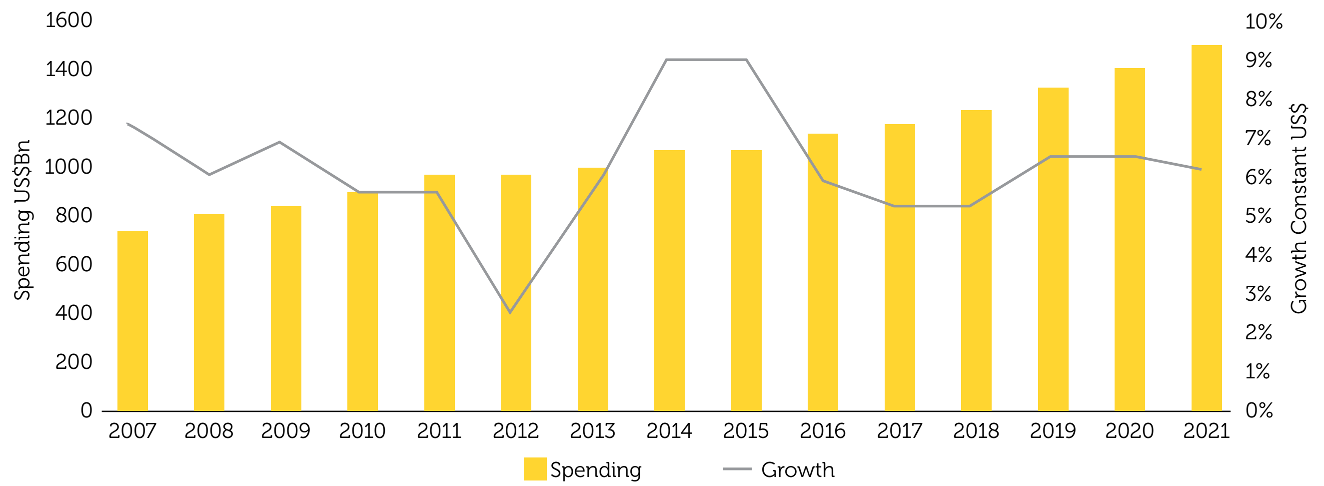
The short-term rise in growth in 2014 and 2015 was driven by new medicines in hepatitis and cancer. These factors will have a reduced impact through 2021. The total volume of medicines consumed globally is likely to increase by about 3% annually through 2021, only modestly faster than population and demographic shifts. Issues of pricing, market-access pressures, lower volume growth in emerging markets, and further generic drug movement will contribute to low level of growth.

The total global spend for pharmaceuticals through 2021 will increase by US$ 367 billion on a constant-dollar basis. Most global spending growth, particularly in developed markets, will be driven by innovations in oncology, autoimmune, and diabetes treatments. The US will continue as the world's largest pharmaceutical market and pharmerging markets will make up nine of the top 20 markets. The country will account for 53% of expected growth over the next five years, while China will continue as the second largest market, a position it has held since 2012, contributing 12% of the growth.

Developed market spending growth will be determined by original brands, while pharmerging markets will continue to be powered by non-original products that make up an average 91% of pharmerging market volume and 78% of spending. Specialty medicines are projected to increase their share particularly in developed markets.

The share of specialty medicines in global spending has risen from 20% 10 years ago to 30% in 2016 and to 35% by 2021. This is likely to approach half of total spending in the US and European markets, according to a study.
(Source: Global Market Spending and Growth 2007-2021).

Global Market Spending and Growth (2007-2021)



Source: IMS Market Prognosis, September 2016; QuintilesIMS Institute, October 2016

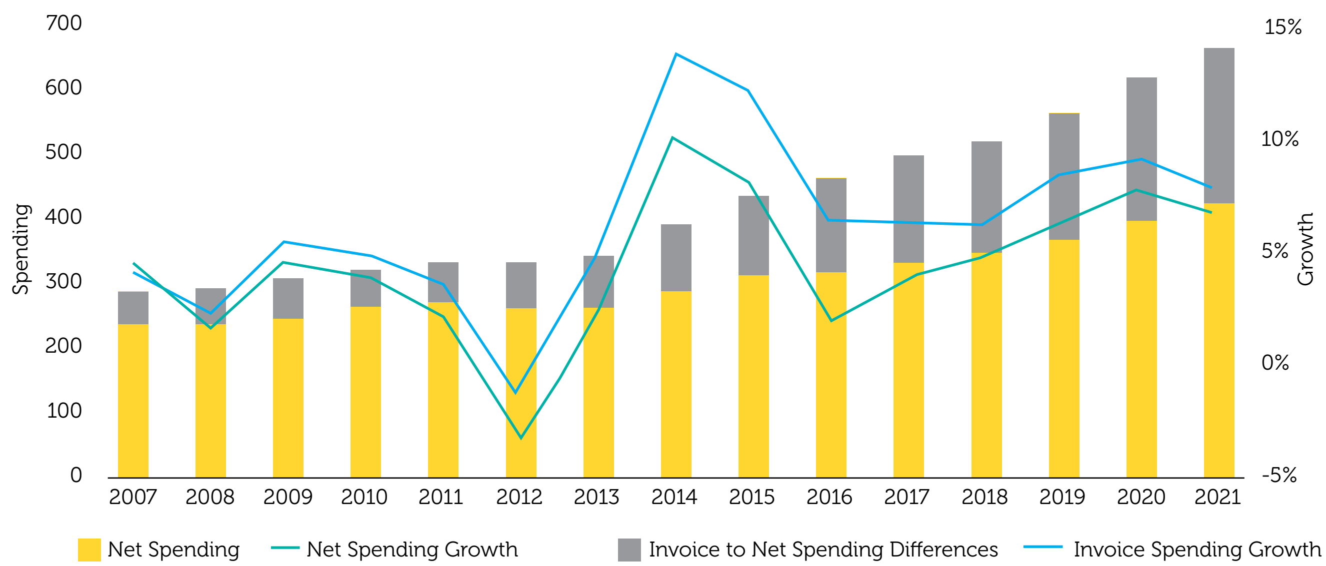
United States

The spending on medicines in the US will reach US$ 645-675 billion in 2021, growing at an average of 6-9%. The decline in the growth is primarily because of the end of Hepatitis C treatment-driven growth and greater impact of patent expiries—including the introduction of biosimilars—following a period in which fewer brands faced new generic competition.

Spending on medicines in the US had been decelerating since 2001. However, it rebounded sharply in 2014 and 2015 due to a lower level of patent expiry impact. The market was further buoyed by high prices of both branded and generic medicines. Additionally, the growth was influenced by breakthrough cure for Hepatitis C. Hepatitis C treatments alone accounted for 3% of the 12% growth in 2015, but are projected to decline slightly in 2016 and then grow modestly to 2021.

In addition, there has seen a substantial rise in spending on innovative drugs for other diseases. In the preceding few years, pioneering medicines for cancer, autoimmune diseases, multiple sclerosis (MS) and diabetes debuted in the market. Two major factors have split the growth rate of the US pharmaceutical market– increased patent expiries and revolutionary medication for Hepatitis C.

US Spending Growth (2010-2021)



Source: IMS Market Prognosis, September 2016; QuintilesIMS Institute, October 2016

Europe

European payers are expected to maintain tight constraints on drug budgets. Forecasted low pre-rebate and discount growth of 1% to 4% in the EU5 countries (France, Germany, Italy, Spain, United Kingdom) through 2021 reflects responses of policymakers. Going forward, these budgeting weaknesses are expected to encourage European payers to redouble their efforts to bring predictability to their budgeting processes for drugs, according to the study.

Perhaps the most pressing question for European governments on issues outside pharma, revolves around BREXIT. After more than half century of integration in Europe, including medicines-related institutions and practices, disentangling the UK from Europe is extremely complicated. While uncertainties remain, the impact on the UK pharmaceutical market is expected to be modest with a 1.5% slower growth rate.

Emerging Markets

Economic challenges trigger slower expansion of medicine use in pharmerging markets. Leading pharmerging markets have seen real growth in gross domestic product slow by 1-4 percentage points over the past decade, according to the study. This has triggered a corresponding reduction in medicine volume growth, from an average of 7% annually over the past five years to 4% forecast through 2021.

China will see a decline in annual volume growth from 17% to 4% over the same period. Overall, volume growth continues to be driven by non-original products that account for 91% of the volume in pharmerging markets.

The outlook for spending growth across these markets is expected to be moderate from 10% CAGR over the past five years to 6% to 9% through 2021.

THE OUTLOOK FOR SPENDING GROWTH ACROSS EMERGING MARKETS IS EXPECTED TO BE MODERATE FROM 10% CAGR OVER THE PAST FIVE YEARS TO 6% TO 9% THROUGH 2021.

Africa

According to Frost & Sullivan, Africa's pharmaceuticals market is expected to reach US$ 45 billion in 2020, bolstered by a convergence of changing economic profiles, rapid urbanisation, increased healthcare spending and investment and increasing incidence of chronic lifestyle diseases. The tropical climate of Africa makes the continent the largest pool of infectious diseases, particularly malaria, tuberculosis (TB), and acquired immune deficiency syndrome (AIDS). Besides, there are outbreaks of polio, meningitis, cholera, pandemic influenza, yellow fever, measles, hepatitis, and tetanus.

With the increasing implementation of western lifestyles in Africa, there has been a significant shift towards non-communicable diseases (NCDs), driving the demand for chronic prescription drugs. While continuing to suffer from infectious and parasitic illness, lifestyle diseases such as cardiovascular diseases, diabetes, and cancer are also expected to see high growth rates in Africa, going forward.

According to the World Health Organisation (WHO), the proportional contribution of NCDs to the healthcare burden in Africa will rise by 21% through 2030. The growing middle class is a key driving force for pharmaceuticals spending. Limited affordability of governments and the general population for healthcare and pharmaceuticals and a high dependence on donor funding will be the major market constraints.

ACCORDING TO THE WORLD HEALTH ORGANISATION (WHO), THE PROPORTIONAL CONTRIBUTION OF NCDs TO THE HEALTHCARE BURDEN IN AFRICA WILL RISE BY 21% THROUGH 2030.

India

India's pharmaceutical industry is the largest provider of cost-effective generic medicines to the developed world. The country leads pharmaceutical exports to the world, owing to a range of medicine exports and has possibly the largest number of USFDA approved pharmaceutical manufacturing facilities. It is the largest global provider of generic drugs, accounting for 20% of global exports in terms of volume. Branded generics constituted nearly 70-80% of the domestic market.

According to ICRA, the aggregate growth of the Indian pharma industry is expected to be in a single digit in 2017, due to slowing growth in the US, intense competition, and regulatory battle. Regulatory interventions in the domestic market are expected to put pressure in the near term though long-term growth prospects for domestic pharmaceutical market remain healthy. This is owing to greater penetration of market players, more accessibility of unexplored terrains and new launches.

The R&D spend is expected to grow as leading firms are expanding their presence in complex therapy segment such as injectables, inhalers, dermatology, controlled-release substances and biosimilars. India's pharmaceuticals market is observing changing trends, such as large acquisitions by multinational and Indian companies, growing investment by domestic and international players and deeper access into rural and tier II markets. These trends, along with enhanced purchasing power and access to quality medical care will continue to drive the domestic pharmaceutical industry to new milestones.

Major Growth Drivers

- Rising income levels, resulting in higher expenditure on healthcare
- Increasing occurrence of lifestyle related diseases
- Improved infrastructure and delivery systems
- Greater penetration of health insurance

- Number of drugs going off-patent in the developed countries offers an attractive opportunity for Indian companies to capture the market

- Strong technical capabilities of manufacturing plants, encouraging Indian companies to develop quality products

India Advantage

- Cost efficiency – Indian companies have become a global outsourcing hub for pharmaceutical products, because of cost-effective facilities that are also FDA compliant.

- Changing ailment profile – Although the Indian pharma market is currently skewed towards acute segment, the shift towards chronic has been swift. The chronic segment is expected to register over 16% growth, compared to a single digit growth in the acute segment over the coming years.

- Competent Workforce – India has a pool of personnel with high managerial and technical competence. The skilled workforce is well versed in the English language.

- Diversified Portfolio – India accounts for over 60,000 generic brands across 60 therapeutic categories and manufactures more than 500 different APIs.

- Economic Drivers – The industry is expected to grow, driven by rising middle-class population, enhancements in medical infrastructure and establishment of intellectual property rights.

- Policy Support – Many initiatives have been taken by the government to provide impetus to the sector. The government has unveiled 'Pharma Vision 2020' to progressively enable India to become a global leader in producing end-to-end drugs.

Government Initiatives

The Government of India is focusing on bolstering growth and investment in the Indian pharmaceutical industry. It allows 100% FDI (Foreign Direct Investment) under the automatic route (without prior permission) in the pharmaceuticals sector. FDI favourably impacts the pharma industry by providing access to more capital/funds for investing in R&D.

Drug Price Control

The environment for the domestic pharma companies remains challenging. With more products coming under price control, and other pressures such as government legislation to ban certain fixed dose combination drugs, the pharma market is under pressure. During the year, the government has capped prices of several essential drugs. In addition, the government is strictly controlling prices of drugs used for the treatment of cancer, HIV, bacterial infections, and acid reflux, among others. It had notified the DPCO 2013, which covers 680 formulations, with effect from May 15, 2014, replacing the 1995 order that regulated prices of only 74 bulk drugs.

National Health Policy, 2017

The New Health policy aims at ensuring affordable healthcare services for all at all ages and proposes free diagnostics and drugs at all public hospitals. The key features of the policy are focused on prioritising the role of the government in shaping health systems in all its scopes investment in health, organisation and financing of healthcare services, access to technology, developing human resources and so on.

Outlook
India's pharmaceutical market size is expected to grow significantly. The government is also taking relevant steps to reduce costs of medicines and bring down healthcare expenses. Going forward, better growth in domestic sales would also depend on the ability of companies to align their product portfolio towards chronic therapies for diseases such as cardiovascular, anti-diabetes, anti-depressants and anti-cancers that are on the rise.

Accelerated introduction of generic drugs into the market has remained in focus; and is expected to benefit the Indian pharmaceutical companies. In addition, the thrust on rural health programmes, lifesaving drugs and preventive vaccines also augurs well for the industry.

Innovative products are expected to be launched, which will usher in significant new treatment alternatives for patients. Rising incomes, combined with a continuous pattern of low costs for medicines, will drive a major increase in affordability of basic medicines. Other factors that help accelerate market growth comprise: growing trend of outsourcing and investments by multinational companies; robust health insurance segment and better healthcare facilities.

Active Pharmaceutical Ingredients (API) Industry
The global active pharmaceutical ingredients market is expected to reach US$ 213.97 billion by 2021 from US$ 157.95 billion in 2016. The growth is recorded at a CAGR of 6.3% from 2016 to 2021. The factors driving market growth include increasing incidence of chronic diseases, rising prevalence of cancer, and technological advancements in API manufacturing.

Besides, a growing importance of generics and rapidly increasing geriatric population are propelling the market forward. In addition, an increase in abbreviated new drug applications (ANDA) and increasing uptake of biopharmaceuticals bolster this growth. However, factors such as stringent regulatory requirements and unfavourable drug price control policies across various countries may restrain market growth.

Based on type, the market is segmented into innovative and generic APIs. The innovative APIs segment is estimated to command the largest share in 2016. A major factor contributing to this large share includes growing demand for innovative therapeutics to facilitate the treatment of dreadful diseases especially cancer, HIV and Hepatitis. Increase in the number of FDA approvals for new molecular entities and the higher prices of innovative APIs too contribute to this. Based on synthesis, the market is segmented into small molecules and biologicals.

North America dominates the active pharmaceutical ingredients market, with the US accounting for the major share. This can be attributed to the rise in chronic diseases and increasing focus of the government on the growing adoption of generic drugs. Besides, rising demand for biologics and specialty drugs, and technological advancements in API manufacturing in this region have enabled this (Source: Markets and Markets).

Anti-retro Viral (ARV) Market
Acquired immunodeficiency syndrome (AIDS) is a medical condition caused by the human immunodeficiency virus (HIV). HIV, which is a blood-borne infectious disease, remains a major global health and development threat. HIV primarily infects the CD4 T-lymphocytes (CD4 cells) and destroys them, resulting in weakening of the immune system. Among untreated patients, the depletion continues over a course of several years until the patient surrenders to AIDS. This is the last stage of the HIV infection, occurring anywhere between two and 15 years, post-infection.

According to WHO, in 2014, 1.9 million people were newly enrolled for anti-retroviral therapy, one of the largest annual increases. It also states that in 2014, 36.9 million individuals were living worldwide with HIV/AIDS and 1.2 million people died worldwide due to AIDS-related illnesses. Sub-Saharan Africa is the most severely affected; wherein around 1 in every 20 adults is living with HIV/AIDS. WHO also estimates that only 54% people with HIV are aware of the infection they are suffering from.

Hepatitis C Market
Hepatitis C is considered a silent menace, caused by the Hepatitis C Virus (HCV), resulting in inflammation of the liver. It is recognised as a major public health problem worldwide, responsible for chronic liver disease and a variety of extra-hepatic manifestations. The disease spreads through contact with infected blood and bodily fluids. The good news is that affordable drugs for the disease are now available in India and other emerging markets.

The market is expected to sustain high growth, driven by factors, such as a reduction in drug prices, convenience of therapy administration and negligible side effects. These factors will lead to Hepatitis C drugs being prescribed by general and consulting physicians, beyond only gastroenterologists. Besides, an increase in awareness surrounding Hepatitis C is expected to provide additional momentum to this growth.

The market is expected to expand significantly due to an increasing presence of formulation companies, which are increasing Hepatitis C screening and access to the needed therapies. These efforts will lead to the diagnosis of previously undiagnosed Hepatitis C patients.

Access to Medicine Market

Until 2014, the standard of care to treat HCV infection was 24–48 weekly injections of pegylated interferon and twice-daily ribavirin tablets. This treatment was toxic, expensive, complicated to deliver and relatively ineffective – overall cure rates were less than 50%, especially for people with cirrhosis. Now, most people can be cured of HCV infection with the new DAAs (direct-acting antiviral medicine); oral medicines that target different steps of the lifecycle of HCV. Effective ARV drugs can control the virus and help prevent transmission, so that people with HIV can enjoy a healthy and productive life.

Numerous clinical trials and clinical practice have shown that DAAs are effective and better tolerated. Cure rates of at least 90% have been reported after 12 weeks of treatment, regardless of HIV status, stage of liver disease treatment history. Reaching the 90-90-90 target, when complemented by scale-up of other prevention tools, would reduce the annual number of new HIV infections by nearly 90% by 2030. To meet the increasing demand to curtail HIV, Laurus through its cost-efficeincy and robust R&D manufactures products in India and then exports to other countries.

CRAMS Industry

Global

The global pharmaceutical contract manufacturing market was valued at US$ 65.10 billion in 2016. It is expected to reach US$ 94.38 billion by 2022 at a CAGR of 6.36% between 2017 and 2022 (Source: Mordorintelligence). The US market continues to hold the largest share in this sector, while India is expected to see the most attractive growth in the period. The rising necessity for state-of-the-art processes and production technologies is driving the growth of Community Manufacturing Organisations (CMOs). These facilities have proven highly effective in meeting stringent regulatory requirements of the pharma industry. The pharmaceutical market is consolidated with big players holding a major share.

Patent expiry of major therapeutic brands, growing demand for generic drugs, and acceptance of novel manufacturing technologies are expected to exert a positive influence on the market. Additionally, increased competition and shrinking profit margins have forced pharma companies to revisit their production processes, and research and development (R&D) framework. In this scenario, contract manufacturing turns out to be a strategic option that can bolster market performance.

India

The global pharmaceutical sector outsources an increasing quantum of services from competitive contract research organisations (CCROs) and CMOs. Consequently, contract research and manufacturing services have emerged as one of the fastest growing segments of the global pharmaceutical industry. The Indian pharmaceutical industry is the largest supplier of cost-effective generic medicines to the developed world. The country's leadership in the segment is due to the presence of the largest number of approved pharmaceutical manufacturing facilities. The Indian contract manufacturing services sector is projected to grow three times faster than the global market at a CAGR of 18% till 2018.

(Source: Care Ratings)

INDIA'S CMO BUSINESS IS PROJECTED TO GROW THREE TIMES FASTER THAN THE GLOBAL MARKET AT A CAGR OF 18% TILL 2018

Key Drivers for the Indian CRAMS Industry

1. New drug development is a time-consuming process. It takes around 10-15 years from inception, to launch a new drug. Outsourcing research work on complex molecules can help reduce drug development time.

2. As innovator companies are shifting their focus towards core competence, they are increasingly outsourcing non-core activities to improve cost efficiencies and productivity.

3. With patent expiries forthcoming, innovators are expected to outsource work to cost-effective destinations.

CMOs account for a major portion of all formulations and bulk drug manufacturing; and it continues to present itself as a significant growth opportunity. India has emerged as one of the leading cost-effective quality pharmaceutical manufacturers for many global players. Outsourcing to India offers significant benefits over mature pharmaceutical hubs in North America and Europe. The country's model has become increasingly relevant in the prevailing genericising environment, incentivising the engagement of Indian pharmaceutical players in research and related manufacture.

Generics Industry

Global

According to BCC Research, the global generics market is expected to reach US$ 533 billion by 2021. The growth will be driven by pharmaceutical drugs facing patent expiry and the pressure to control healthcare costs. Moreover, the rise of biosimilar drug technologies and high-growth market activity in emerging markets will steer this progress. In China, generic sales are easily outpacing the overall pharma market growth. The increasing sophistication among domestic producers seems to be galvanising the growth of generics.

The US generics market has consistently been defined by shifting industry dynamics, shaped by changing opportunities, products, players, pricing, and regulations. Over the preceding few years, the percentage of generics in the market has been steadily increasing. By 2020, it is expected that they will account for nearly 91%-92% of all prescriptions. With fewer blockbuster drugs in the pipeline and consumers getting increasingly exposed to generic medicines, the pharma manufacturers are hard pressed to make profits.

Companies with revenue from patent-protected drugs are being forced to rethink their supply chain strategies to counter this trend. Generic medications have lowered the cost of some drugs by 80-85%.

BY 2020, IT IS EXPECTED THAT GENERICS WILL ACCOUNT FOR MORE THAN 90% OF ALL PRESCRIPTION DRUGS IN THE US MARKET.

India

According to a recent analysis, the Indian generics market is expected to exceed US$ 27.9 billion by 2020. This is a substantial increase from a value of US$ 13.1 billion in 2015, registering a CAGR of 16.3% (Source – GBI Research). The industry is the third largest in the world in terms of volume. Generic drugs account for 75% of the domestic pharmaceutical market by value. Drugs for pain management, anti-coagulant, respiratory, liver disorders, depression and lipid regulators are now readily available in the global market.

IN INDIA, GENERIC DRUGS ACCOUNT FOR 75% OF THE VALUE OF THE DOMESTIC PHARMA MARKET.

India's generics industry has experienced robust growth in the last couple of years. Generics accounts for over 96% of the overall pharmaceutical market in India. The Indian Government's 'Pharma Vision 2020' has been a major factor towards the growth of the generics segment in the country. Backed by the success of Indian companies in tapping the US generics drug market, a largely underpenetrated but fast-growing local healthcare market and strong fundamentals, Indian generic drug firms may be a compelling investment case for investors.

Nutraceutical Industry

Global

Nutraceuticals are a uniform grade of food sources with extra benefits in addition to basic nutritional value found in food. Addition of nutraceuticals with personal care has benefited the market with cosmeceuticals owing to its anti-aging properties. In addition, increase in demand for nutraceutical in dietary supplements is expected to drive the market, owing to decreased use of genetically modified food and crops. The expensive medical treatments have paved the way for nutraceuticals as an alternative to expensive drugs.

The use of nutraceuticals is expected to grow in future. Nutraceuticals influence drug metabolism, and can enhance the effects of medications when optimally composed. Patented combinations of nutraceuticals and pharmaceuticals may create rewarding business opportunities, going forward.

The global nutraceutical products market was valued at around US$ 205.39 billion in 2016, and is expected to reach around US$ 294.79 billion by 2022. It is expected to grow at a CAGR of 6.3% from 2017 to 2022 (Source – Mordorintelligence). In the US market, the baby boomers are consuming greater amounts of dietary supplements; and the market is expected to reach US$ 90 billion by 2020 in the US alone.

In Japan, 47% of the population consume nutraceuticals, making the country second to the US. The nutraceutical products industry is also seeing a major change in its operations to meet the FDA's new Dietary Supplement Current Good Manufacturing Practices (DS CGMPs). Consumer awareness about nutraceutical ingredients is limited in developing countries. Therefore, manufacturers can focus on disseminating information about nutraceutical benefits to increase their market penetration.

IN THE US, THE NUTRACEUTICAL MARKET IS SLATED US$ 90 BILLION BY 2020.

Factors driving the Nutraceuticals Market

- Growing middle-class affluence and more disposable income
- Increasing health awareness of women and senior citizens
- Physiological benefits of functional foods, which reduce the risk of chronic diseases related to cardiovascular problems and diabetes

India

According to Techsciresearch, the Indian nutraceuticals market revenues are expected to reach approximately US$ 4.2 billion in 2017. This growth is due to increasing health consciousness, rising disposable incomes, growing lifestyle diseases leading to increased healthcare spending, and a shift in India's population structure.

The nutraceutical market players are focusing on industry expansion, as it will help the growth of already expanding over-the-counter (OTC) market. In addition, easy availability and convenience of healthy foods, tendency towards a healthy lifestyle and introduction of foods targeted at specific diseases and deficiencies will facilitate market growth.

India's nutraceuticals market is divided into dietary supplements, functional foods, and beverages. Among the three segments, functional beverages are growing much faster at a CAGR of around 21%, followed by functional foods at 20% and dietary supplements at 15%. India's nutraceuticals market is highly concentrated in South India followed by East India. The states of Andhra Pradesh, Tamil Nadu and West Bengal are leading the way.

Indian nutraceuticals market segments and their CAGR growth rates: Functional beverages around 21%, Functional foods at 20% and Dietary supplements at 15%.

The major growth drivers for nutraceuticals in India comprise:

- Ageing population
- Increasing mortality rate due to cardiovascular, diabetes and obesity
- Annual disposable income
- Internet users
- Healthcare spending
- Spending habits of India's urban population

Outlook

The outlook of the industry is optimistic and companies are investing in the nutraceuticals market in India. The country can leverage advantages, such as capable human resources, world-class R&D facilities and availability of diverse raw-materials to strengthen its industry. The opportunities are plenty, and the market forces facilitate the entry of new players. The competition is not yet powerful, and the growth drivers are in place to make the industry grow faster.

Company Overview

Laurus Labs Limited is a leading research and development (R&D) driven pharmaceutical company in India. It enjoys leadership position in generic active pharmaceutical ingredients (APIs) for select, high-growth antiretrovirals (ARVs), Hepatitis C and Oncology. The Company also manufactures APIs in other therapeutic areas, such as anti-asthma, ophthalmology, anti-diabetics, cardiovascular, proton pump inhibitors (PPIs), among others.

The Company currently operates four manufacturing facilities in Visakhapatnam, Andhra Pradesh. Three of these facilities manufacture APIs and ingredients, while the fourth facility produces Finished Dosage Formulations (FDFs) and one API. The Company has expanded its R&D centre in Hyderabad and is setting up another in Visakhapatnam. The Company commenced commercial operations at Unit-05 for steroidal intermediates and hormones in November 2016. Laurus is also setting up additional manufacturing facilities for APIs, intermediates, and ingredients. It is expected to be operational by December 2017.

Business Segments

1. Generics API business comprises the development, manufacture and sale of APIs and advanced intermediates

2. Generics FDF business comprises the development and manufacture of oral solid formulations

3. Synthesis business includes contract development and manufacturing services for global pharmaceutical companies

4. Ingredients business comprises the manufacture and sale of specialty ingredients for use in the nutraceutical and cosmeceutical sectors

Strengths

- Leadership in APIs for select, high growth therapeutic areas
- Strong R&D capabilities and process chemistry skills
- Industry leading, modern and regulatory compliant manufacturing capacities
- Long-standing relationships with multinational pharmaceutical companies
- Experienced promoters and qualified operational personnel
- Proven track record of delivering growth

Key Business Highlights 2016-17

- Entered into a contract with Dr. Reddy's for the development and marketing of several anti-retroviral formulations on profit and cost sharing basis
- Hepatitis C - Entered into profit and loss sharing agreement with Natco Pharma for the manufacture and sale of Sofosbuvir, Ledipasvir, Daclatasvir and Velpatasvir
- Initiated ARV API supply into the European market
- Expansion of R&D Centre at Hyderabad completed
- Unit 5 (dedicated manufacturing facility for Aspen) inaugurated and operational from November 2016
- Signed manufacturing and supply agreement for Oncology NCE for clinical phase and commercial supplies

Research and Development (R&D)

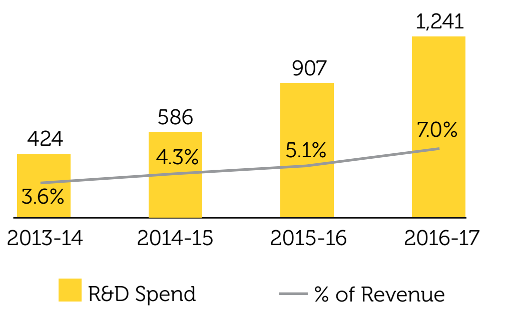
R&D success is a key element of Laurus Labs' strategic roadmap, driving best-in-class performance through agility and innovation. This focus keeps us delivering scientific advances to the benefit of patients around the world. Through investment and perseverance, we strive to achieve cost effective processes and manufacturing efficiencies. The Company believes that being truly innovative requires global ambitions, significant investments, and a multi-pronged approach in terms of strategies and execution.

The Company is focused on undertaking dedicated R&D in areas which have significant growth potential. It applies a systematic approach to selection of molecules, which involves evaluation of technical, and commercial feasibility data. Coupled with customer feedback, it has resulted in commercialisation of 59 products and 39 Drug Master Files (DMFs) were filed.

The Company's research team (600+ scientists) comprises around 25% of total employee strength. Consistent R&D has led to innovative processes that can enhance production efficiencies, including developing cost-effective manufacturing processes. Moreover, R&D helps address opportunities that have been identified in the global market for future business growth.

The R&D team at Laurus Labs focuses on projects that would generate long-term profits. The pipeline has been designed to cater to molecules of variable complexities in areas of chemistry, IP, regulatory, engineering and manufacturing. The R&D Centre's infrastructure is being developed, with priority on safety and quality of products. Investments in R&D ensures continued innovation in products. The operational team focuses on improving processes to expand yield and reduce waste.

Increasing R&D Spend ₹ in million



Quality and Compliance

The Company was successful in integrating appropriate global quality standards at each phase of the product development life cycle. Coupled with constant quality risk assessment and risk mitigation processes, Laurus Labs meticulously assesses applicable requirements. The Company implements quality and regulatory standards for a robust and sustainable business model.

Quality assurance at Laurus Labs is managed by professionals with diverse global work experience. The team focuses on quality with continuous improvement of processes, problem solving and total quality management tools and techniques.

Quality is reinforced at every step of the business. The entire Product Life Cycle is integrated with Continual Quality Improvement philosophy. It is consistently refined to absorb every opportunity to make it more robust and flexible, while complying with applicable standards. In addition, the Company ensures that quality standards are met in the processes, procedures and products of the partnership networks.

The manufacturing facilities adhere to rigorous quality framework and assurance procedures. The successful integration and compliance levels were indeed reflected in many regulatory and client audits, and enabled the organisation to stay ahead of the curve. Laurus Labs works with all vendors and service providers to comply with relevant regulatory norms and governance standards, and to continuously explore opportunities for improvement.

Financial Review

Snapshot ₹ million

Year	2016-17	2015-16	Growth (%)
Net Sales	18,919	17,746	6.6
EBIDTA	4,461	3,740	19.3
PBT	2,476	1,796	37.9
PAT	2,026	1,447	40.0

Human Capital

The focus at Laurus Labs is to build a best-in-class organisational culture to attract, build and retain talent across levels. The Company is committed to partner with employees and strengthen its talent pool by providing them growth and career enhancement opportunities.

It encourages diversity among its people, as it believes that in the long run diversity encourages creativity, innovation, progress and mutual enrichment. Diversity creates enabling conditions for employees to enrich their professional skills.

Investing in people

In 2016-17, the Company invested extensively in training. In line with its ongoing commitment to help employees perform and progress, Laurus Labs focused on professional and leadership development, organisational effectiveness and performance management.

Encouraging diversity

The Company believes that diversity drives the organisation to greater heights. It welcomes employees from all backgrounds, genders, ages, cultures, and experiences to build a truly global organisation. The benefit of our diverse workforce comes from respecting, considering and including different views every day. It gives the Company the opportunity to benefit patients with greater depth of experiences and capabilities.

Focusing on communication

The Company believes communication enhances performance at every level of the business. Therefore, it organises one-on-one performance discussions between managers and employees. Besides, to enhance transparency and strengthen communication across hierarchies, the Company organises all-employee meetings at its major sites. In addition, it communicates through periodic pan-organisational meetings, the intranet, all-employee emails from the CEO and other executives, social networking platforms, and leadership briefings.

Internal Control Systems and Adequacy

Laurus Labs has adequate internal control systems and procedures, covering all financial and operating functions commensurate to its size and nature of operations. A strong internal control framework is among the important pillars of corporate governance and the Company strives to enhance it consistently. It is designed to provide a reasonable assurance with regard to maintaining of accounting controls and assets from unauthorised use or losses. The audit committee looks into all internal aspects and advises corrective actions as and when required.

Cautionary Statements

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

Board's Report

To
The Members of
Laurus Labs Limited

Your Directors have pleasure in presenting the 12th Annual Report of the Company together with the Audited Financial Statements for the Financial Year ended 31st March 2017.

Financial Highlights

(₹ in Million)

Particulars	2016-17	2015-16
Gross Income	19,183	18,081
Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)	4,461	3,740
Finance Charges	970	1,110
Depreciation/Amortization	1,030	858
Net Profit Before Tax	2,476	1,796
Provision for Tax	451	349
Net Profit After Tax carried to Balance Sheet	2,026	1,447
Proposed Dividend amount	159	49
Proposed Dividend Tax amount	32	10

Company's Affairs:

(i) Initial Public Offer (IPO):

Your Company has successfully completed its Initial Public Offering (IPO) and Offer for Sale (OFS) and the Equity Shares of the Company have been listed on the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) with effect from December 19, 2016. Further details are provided below under the heading "Share Capital".

(ii) Operations:

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

Growth of 6.1% in income and 19.29% in Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)

Expansion of R&D Centre at Hyderabad is completed

Unit 5 (dedicated manufacturing facility for Aspen) was inaugurated and operational from November 2016.

Initiated ARV API supply into the European market

USFDA and WHO-Geneva Inspections completed successfully at Unit-2

Under Profit sharing arrangement with Natco for Hepatitis-C Segment, Natco launched Velpatasvir and Sofosbuvir combination in Nepal and launched in India in May 2017.

Partnering with Dr. Reddy's for development and marketing of several anti-retroviral formulations on profit-and cost sharing basis

Signed manufacturing and supply agreement for Oncology NCE for clinical phase and commercial supplies

Unit 4 for API/Intermediate manufacturing facility is under construction

Filed 3 ANDAs with USFDA and one dossier with WHO-Geneva

(iii) 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.

Dividend:

Your directors are pleased to recommend a dividend @ 15% (i.e. ₹ 1.50/- per share of face value of ₹ 10/- each) for the Financial Year ended March 31, 2017. The dividend, if approved by the Members, in their forthcoming Annual General Meeting to be held on July 12, 2017, will be paid to the Members on or after July 18, 2017, whose names appear on the Register of Members as on Book Closure Date.

Transfer to Reserves:

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

Share Capital:

During the year under review, your Company had successfully completed its Initial Public Offering (IPO) of equity shares of the Company and the equity shares have been listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) with effect from December 19, 2016. In the process, the Company had offered 7,009,345 Equity Shares for an aggregate amount of ₹ 2,997.10 Million (6,936,775 equity shares of ₹ 10/- at a price of ₹ 428 per equity share to the Public and 72,570 equity shares of ₹ 10/- each at a price of ₹ 388 per equity share to the employees under employee reservation category). The Private Equity Investors, namely Aptuit (Asia) Private Limited, FIL Capital Management (Mauritius) Limited, Fidelity India Principals and Bluewater Investment Ltd., have together offered 24,107,440 equity shares in the Offer For Sale (OFS) in the IPO for an aggregate amount of ₹ 10,308 Million. Therefore, the total IPO including Offer For Sale was for 31,116,785 equity shares of ₹ 10/- each for a total amount of ₹ 13,305.10 Million.

Prior to IPO, the Company converted all Series A, Series B and Series C Preference Shares into equity Shares in July 2016. Further, the Company has also allotted three bonus equity shares of ₹ 10/- each for every one the then existing equity share of ₹ 10- each held i.e. in the ratio of 3:1 in July 2016 by capitalizing the reserves to the extent of ₹ 739,713,030/-. This Corporate Action of Bonus Issue was extended to the ESOP Schemes 2011 and 2016 as well. The ESOP 2016 was originally approved by the Members in the 11th Annual General Meeting held on June 9, 2016. In September 2016, the Company has also allotted 118,500 equity shares of ₹ 10/- each at a price of ₹ 10/- each to the employees of the Company pursuant to exercise of vesting rights by the employees under ESOP Scheme 2011.

The Authorized Share Capital of the Company has been increased from ₹ 914 Mn to ₹ 1,110 Million by creation of additional 19,600,000 equity shares of ₹ 10/- each. Further, entire authorized preference capital of Series A, Series B and Series C has been converted into authorized equity share capital of the Company. As a result, the Authorized Share Capital as on the date stands at 111,000,000 equity shares of ₹ 10/- each aggregating to ₹ 1,110,000,000/- (Rupees One Billion One hundred and ten million only).

The movement in Authorized Share Capital is as follows:

Authorized Capital as on March 31, 2016	Movement during the year 2016-17	Cumulative Authorized Capital post-such movement
24,787,037 equity shares of ₹ 10/ each	Nil	24,787,037 equity shares of ₹ 10/- each
--	Increase of 19,600,000 equity shares of ₹ 10/- each on June 6, 2016	44,387,037 equity shares of ₹ 10/- each
2,259,060 0.001% CCPCPS of ₹ 10/- each - Series A	Converted into 2,259,060 equity shares of ₹ 10/- each on July 20, 2016	46,646,097 equity shares of ₹ 10/- each
2,477,387 0.001% CCPCPS of ₹ 243/- each - Series B	Converted into 60,200,504 equity shares of ₹ 10/- each on July 20, 2016	106,846,601 equity shares of ₹ 10/- each
4,153,399 0.001% CCPCPS of ₹ 10/- each - Series C	Converted into 4,153,399 equity shares of ₹ 10/- each on July 20, 2016	111,000,000 equity shares of ₹ 10/- each (as on March 31, 2017)

The movement in paid up share capital is as follows:

Paid Up Capital as on March 31, 2016	Movement during the year 2016-17	Cumulative Paid Up Capital after such movement
15,767,255 equity shares of ₹ 10/ each	Nil	15,767,255 equity shares of ₹ 10/- each
2,259,060 0.001% CCPCPS of ₹ 10/- each - Series A	Allotted 2,259,060 equity shares of ₹ 10/- each on July 15, 2016 pursuant to conversion	18,026,315 equity shares of ₹ 10/- each
2,477,387 0.001% CCPCPS of ₹ 243/- each - Series B	Allotted 2,477,387 equity shares of ₹ 10/- each on July 15, 2016 pursuant to conversion	20,503,702 equity shares of ₹ 10/- each
4,153,399 0.001% CCPCPS of ₹ 10/- each - Series C	Allotted 4,153,399 equity shares of ₹ 10/- each on July 15, 2016 pursuant to conversion	24,657,101 equity shares of ₹ 10/- each
--	Allotment of 73,971,303 equity shares of ₹ 10/- each as Bonus Shares on July 27, 2016 in the ratio of 3:1	98,628,404 equity shares of ₹ 10/- each
--	Allotment of 118,500 equity shares of ₹ 10/- each on September 26, 2016 under ESOP Scheme 2011	98,746,904 equity shares of ₹ 10/- each
--	Allotment of 7,009,345 equity shares of ₹ 10/- on December 15, 2016 in IPO	105,756,249 equity shares of ₹ 10/- each

The movement in Securities Premium Account is as follows:

₹ in Millions

Particulars	Amount	Cumulative Amount
Balance as on March 31, 2016	4,070.93	4,070.93
Add: Premium on conversion of 2,477,387 Series B Preference Shares @ ₹ 233/- per Share	577.23	4,648.16
Less: Issue of 73,971,303 Bonus equity Shares of ₹ 10/- each	(739.71)	3,908.45
Add: Transfer from Stock Options	5.94	3,914.39
Add: Allotment of 7,009,345 equity Shares of ₹ 10/- each at premium	2927.01	6,841.40
Less: IPO Expenses	(137.86)	6,703.54
Balance as on March 31, 2017		6,703.54

Utilization of IPO Proceeds:

The details of utilisation of IPO proceeds - ₹ 2,859.24 Million (net off IPO related expenses including service tax - ₹ 137.86 Million) are as follows:

₹ in Millions

Particulars	As per Prospectus	Utilised upto March 31, 2017	Unutilised amount as at March 31, 2017
Pre-payment of term loans	2,262.90	2,262.90	-
General corporate purposes	596.34	596.34	-
Total	**2,859.24**	**2,859.24**	-

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.

Material Changes and commitments, affecting the financial position of the Company:

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, 2017 to May 18, 2017.

Fixed deposits:

The Company did not accept any fixed deposits.

Subsidiaries, Associates and Joint Ventures:

The Company had two Wholly Owned Subsidiaries, namely, (i) Viziphar Biosciences Private Limited and (ii) Laurus Synthesis Inc., USA. During the year, the Company has disinvested its 100% stake in Viziphar Biosciences Private Limited vide Agreement dated April 18, 2016 and the effective date of Agreement was April 1, 2016 and therefore Viziphar Biosciences Private Limited ceased to be the Subsidiary of the Company w.e.f. April 1, 2016. Further, during the year, your Company has acquired balance 73% of equity shareholding of its Associate Company, namely Sriam Labs Private Limited with effect from November 1, 2016, thereby Sriam Labs Private Limited became 2nd 100% wholly Owned Subsidiary of the Company. Therefore, as on March 31, 2017, the Company has two subsidiaries, namely (i) Laurus Synthesis Inc., USA; and (ii) Sriam Labs Private Limited, India.

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.

Consolidated financial Statements:

Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of applicable Accounting Standards and the provisions of Companies Act, 2013. As per the provisions of Section 136 of the Companies Act, 2013, the Company has placed separately the audited financial statements of its subsidiaries on its website www.lauruslabs.com and copies of audited financial statements of the subsidiaries will be provided to the Members at their request.

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.

Further, the Company has also issued a Corporate Guarantee to the Bankers of Sriam Labs Private Limited for an amount of ₹ 690.60 Million, both of which are well within the limits prescribed under Sec.186 of the Companies Act, 2013.

Board of Directors and Key Management Personnel:

As per the provisions of the Companies Act, 2013, Mr.Rajesh Kumar Dugar (DIN:00307729) and Mr. Narendra Ostawal (DIN:06530414) will retire at the ensuing annual general meeting and being eligible, seek reappointment. The Board of Directors recommends their re-appointment.

During the year, Mr. Amal Ganguli, Mrs. Aruna Bhinge, Mr. Rajesh Chandy and Mr. Ramesh Subrahmanian were appointed as Independent Directors of the Company for a period of 5 years from the dates of their respective appointments. Mr. Chandrakanth Chereddi was appointed as Whole-time Director for a period of 5 years from August 9, 2016.

Dr. Satyanarayana Chava, Dr. Raju Srihari Kalidindi and Mr. VV Ravi Kumar, all of who have been appointed as Whole Time Directors for a period of 5 years with effect from April 1, 2015 and whose appointments have been approved by the Members in their 10th Annual General Meeting held on July 31, 2015 continue to function as Whole Time Directors of the Company. The Board has appointed Dr. Satyanarayana Chava as Chief Executive Officer of the Company and Mr. VV Ravi Kumar as Chief Financial Officer of the Company.

Mr. Niten Malhan, Mr. Robert Weisskoff, Mr. Conner Town Mulvi, Mr. Frank Wright – all of them being Non-Executive and Nominee Directors have resigned as Directors during the year under review. Mr. Amal Ganguli has passed away on May 8, 2017 and your Board regret the information of Mr. Amal Ganguli's demise and pay homage and extend its heart-felt condolences to the bereaved family.

Your directors have appreciated the immense contributions made by the above directors for the growth of the Company.

The Board of Directors, in their Meeting held on May 18, 2017, have appointed Dr. M. Venu Gopala Rao (DIN.00012704) and Dr. Ravindranath Kancherla (DIN:00117940), subject to approval of the Members, as Non-Executive and Independent Directors for a period of 5 years with effect from May 18, 2017.

Board Meetings:

The Board and Committee meetings are pre-scheduled and a tentative calendar of the meetings shall be finalized in consultation with the Directors to facilitate them to plan their schedule. However, in case of urgent business needs, approval is taken by passing resolutions through circulation. During the year under review, 20 (twenty) board meetings were held. The details of the meetings including composition of various committees are provided in the Corporate Governance Report.

Declaration from Independent Directors:

The independent directors have submitted the declaration of independence stating that they meet the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

Policy on Directors' Appointment and Remuneration:

The policy of the Company on directors' appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters are adopted as per the provisions of the Companies Act, 2013. The remuneration paid to the Directors is as per the terms laid out in the nomination and remuneration policy of the Company. The nomination and remuneration policy is adopted by the Board is placed on the Company's website

http://www.lauruslabs.com/sites/all/themes/lauruslab//Investors/PDF/Policies/Remuneration_Policy.pdf

Risk Management:

Your Company had formulated a risk management policy for dealing with different kinds of risks which it faces in day-to-day operations of the Company. Risk Management Policy of the company outlines different kinds of risks and risk mitigating measures to be adopted by the Board. The Company has adequate internal financial control systems and procedures to mitigate the risk. The risk management procedure is reviewed by the Audit Committee and Board of Directors on regular basis at the time of review of quarterly financial results of the Company. Further, your Company had constituted a Risk Management Committee which lays down various risk mitigating practices that your Company is required to implement in the Company.

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.

Directors' Responsibility Statement:

In terms of Section 134(3)(c) 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;

(e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operative effectively; and

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

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.

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.

Auditors:

(i) Statutory Auditors:

S. R. Batliboi & Associates LLP, Chartered Accountants, the auditors of the Company have completed their term of 10 years under Sec.139(2) of the Companies Act, 2013 and therefore the Board of Directors of your Company, on the recommendation of the Audit Committee, have recommended to the members for appointment of Deloitte Haskins & Sells LLP, Firm Registration No.117366W/W-100018 as Statutory Auditors of the Company for a period five years from the conclusion of 12th Annual General Meeting till the conclusion of 17th Annual General Meeting of the Company.

(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 Auditors of the Company for the Financial Year 2017-18. 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.

(iii) Secretarial Auditors & Secretarial Audit Report:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Y. Ravi Prasada Reddy, Practising Company Secretary (CP No5360) proprietor of RPR & Associates, to undertake the Secretarial Audit of the Company for the financial year 2016-17. The Secretarial Audit Report issued in Form MR-3 is in Annexure-3 to this Report. There are no qualifications, reservations or adverse remarks in the Secretarial Audit Report.

Auditors' Qualifications/reservations/adverse remarks/Frauds reported:

There are no Auditors' Qualifications or reservations or adverse remarks on the financial statements of the Company. The Auditors have not reported any frauds to the Audit Committee as prescribed under Sec. 143 (12) of the Companies Act, 2013.

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.

Rating:

CARE has affirmed its rating as A+ i.e. Positive Outlook on the long term bank facilities of the Company and upgraded its rating from A1 to A1+ on the short term bank facilities of the Company.

Insurance:

All properties and insurable interests of the Company including buildings, plant and machinery and stocks have been fully insured.

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-4 and forms part of this Report.

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-5 and forms part of this Report.

Statement of Particulars of Appointment and Remuneration of Managerial Personnel/ employees:

In accordance with the provisions of Section 134 and Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the statement of particulars of appointment and remuneration of managerial personnel and employees is attached in Annexure-6 to this Report.

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.

Employee Stock Options:

During the year, the Company has allotted 118,500 (One hundred Eighteen thousand and five hundred only) 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.

Further, the Shareholders have approved a new Employees Stock Option Scheme 2016 wherein 300,000 stock options have been 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. During the year, the Company had granted 178,438 options as Grant-1 under this Scheme to the employees of the Company.

Both – ESOP Scheme 2011 and ESOP Scheme 2016 have been adjusted to the Bonus Issue as approved by the members during the year in the ratio of 3:1. Accordingly, the total options outstanding as on March 31, 2017 under ESOP Scheme 2011 were 935,000 and under ESOP Scheme 2016 were 1,200,000.

The details of stock options are as mentioned in Annexure 7 and forms part of this Report. Further, the details of the stock options stated in the notes to accounts of the financial statements also forms part of this Annual Report.

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 8 and forms part of this Report.

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.

BSE 500:

The Equity Shares of your Company have been inducted in S&P BSE 500 indices with effect from March 31, 2017.

Board Evaluation:

The Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its own performance and that of its committees and individual directors. Schedule IV of the Companies Act, 2013 states that the performance evaluation of independent directors shall be carried out by the entire Board of Directors, excluding the director being evaluated. SEBI (LODR) Regulations, 2015 also mandates that the Board shall monitor and review the Board evaluation framework. The evaluation of all the Directors and the Board as a whole was conducted based on the criteria and framework adopted by the Nomination and Remuneration Committee including performance and working of its committees.

Corporate Governance:

A separate section on Corporate Governance practices followed by your Company, as stipulated under Schedule V(C) of the SEBI (LODR) Regulations, 2015 is enclosed forming part of this report.

The certificate of the Practising Company Secretary Mr.Y.Ravi Prasada Reddy with regard to compliance of conditions of corporate governance as stipulated under Schedule V (E) of the SEBI (LODR) Regulations, 2015 is annexed to the Report on Corporate Governance.

Disclosure with respect to unclaimed suspense account:

The following are the details that are required to be provided under Schedule V (F) of the SEBI (LODR) Regulations, 2015:

No. of Shareholders and outstanding shares in the suspense account in the beginning of the year (19th Dec.2016) i.e. date of listing of shares of the Co.	No. of Shareholders approached for transfer of shares during the year	No. of Shareholders to whom shares were transferred and no. of shares transferred	No. of shareholders and the no. of outstanding shares in the suspense account at the end of the year (31st March 2017).
6 Shareholders and 210 Equity Shares	3 Shareholders	3 Shareholders and 105 Shares	3 Shareholders and 105 Shares

Business Responsibility Report (BRR)

The Listing Regulations mandate the inclusion of the BRR as part of the Annual Report for top 500 listed entities based on market capitalization. In accordance with the Listing Regulations, we have integrated BRR disclosures into our Annual Report.

Acknowledgements:

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

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

For and on behalf of the Board

	Dr. Satyanarayana Chava	Ravi Kumar V. V.
	Executive Director &	Executive Director &
Hyderabad	Chief Executive Officer	Chief Financial Officer
18th May 2017	DIN:00211921	DIN:01424180

Annexure - 1

FORM AOC - 1

PART - A: SUBSIDIARIES INFORMATION

S.No.	Particulars	Details	
1	Name of Subsidiary	Laurus Synthesis Inc., USA ##	Sriam Labs Private Limited *
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	April 01, 2016 to March 31, 2017	
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	US Dollars (in Mn.)	Indian Rupees (in Mn.)
4	Share capital	3.00	142.03
5	Reserves & Surplus	(3.65)	2.32
6	Total Assets	1.47	1,092.33
7	Total Liabilities	2.11	947.98
8	Investments	-	6.75
9	Turnover	4.42	498.11
10	Profit before taxation	(1.18)	(114.04)
11	Provision for taxation	-	(47.28)
12	Profit after taxation	(1.18)	(66.76)
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, 2017 : 64.8386/USD 1

* Till October 31,2016, the company was an associate, with the group having a share of 27%. With effect from November 01, 2016, the Company had acquired the remaining 73% stake in the equity shares of Sriam Laboratories Private Limited. thereby making it a wholly owned subsidiary from that date.

Annexure - 1

PART - B: ASSOCIATES AND JOINT VENTURES

S.No.	Name of Associates/Joint Ventures - NIL	March 31, 2017
1	Latest Audited Balance Sheet Date	NIL
2	Shares of Associate/Joint Ventures held by the Company on the year end	
	No.	
	Amount of Investment in Associates/Joint Venture / ₹ in Mn	
	Extend of Holding %	
3	Description of how there is significant influence	
4	Reason why the associate/joint venture is not consolidated	
5	Networth attributable to Shareholding as per latest audited Balance Sheet	
6	Profit/Loss for the year	
	i. Considered in Consolidation	
	ii. Not Considered in Consolidation	

Annexure - 2

Form AOC-2

Particulars of contracts/arrangements entered into by the Company with related parties

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

(Referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto)

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

   All contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 are at arm's length basis.

2. Details of material contracts or arrangement or transactions at arm's length basis: The details are set out in the standalone financial statements forming part of this Annual Report. The same may be referred for this purpose.

Nature of the related party	Nature of relationship	Nature of contracts / arrangements / transactions	Duration of the contracts / arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Amount

Appropriate approvals have been taken for related party transactions. No amount was paid as advance.

Annexure - 3

Form No. MR-3
SECRETARIAL AUDIT REPORT
For the Financial Year ended 31st March, 2017
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
M/s. LAURUS LABS LIMITED
Plot No.21, Jawaharlal Nehru Pharma City,
Parawada, Visakhapatnam, Andhra Pradesh – 531021.

We have conducted the Secretarial Audit on the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Laurus Labs Limited (hereinafter referred as the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, the explanations and clarifications given to us and the representations made by the Management, we hereby report that in our opinion, the Company has, during the audit period covering the "Financial Year" ended on 31st March, 2017, (i.e. from 1st April, 2016 to 31st March, 2017) complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

The Company is carrying on the business of offering broad and integrated portfolio of Active Pharmaceutical Ingredients (API) including intermediates and Contract Research Services to cater to the needs of the global pharmaceutical industry.

During the year under review, the Company was converted into Public Limited (w.e.f.16th August, 2016) and completed its Initial Public Offer (IPO). The Company's equity shares are listed with National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) w.e.f 19th December, 2016.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company to the applicable extent for the financial year ended on 31st March, 2017 according to the provisions of:

A. The Companies Act, 2013 (the "Act") and the rules made thereunder;

B. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

C. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

D. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

E. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company:-

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

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

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

   (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the financial year)

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

   (g) The Securities and Exchange Board of India (Delisting of Equity Shares)Regulations, 2009 (Not applicable to the Company during the financial year)

   (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998(Not applicable to the Company during the financial year)

F. The Memorandum and Articles of Association.

G. The Company has identified and confirmed the following laws as specifically applicable to the Company.

   (a) Drugs (Control) Act, 1950

   (b) Drugs and Cosmetics Act, 1940 and the Drugs and Cosmetics Rules, 1945

   (c) Narcotic Drugs and Psychotropic Substances Act, 1985

   (d) The Food Safety and Standards Act, 2006

   (e) The Indian Boilers Act, 1923

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI)

(ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Listing Agreements entered into with BSE Limited and National Stock Exchange of India Limited;

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

We further report that, having regard to the compliance system prevailing in the Company and on examination of relevant documents and records in pursuance thereof, on test check basis, the Company has complied with all the applicable laws.

We further report that:
The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act/Listing Agreement.

Adequate notice is given to all directors to schedule the board meetings, agenda and detailed notes on agenda were sent in advance as required, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All the decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be. We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the financial year the Company had following events which had bearing on the Company's affairs in pursuance of the above referred Laws, Rules, Regulations, Standards etc.,

1. On July 15, 2016, the Company has converted 24,77,387 Series B Preference Shares of ₹ 243/- each into equivalent number of equity shares of ₹ 10/- each.

2. On July 15, 2016, the Company has converted 64,12,459 Series A and Series C Preference Shares of ₹ 10/- into equivalent number of equity shares of ₹ 10/- each.

3. On July 27, 2016, the Company has issued and allotted 7,39,71,303 equity shares of ₹ 10/- each by way of Bonus Issue in the ratio of 3 equity shares of ₹ 10/- each for every 1 equity share of ₹ 10/- each held in the Company (3:1).

4. The Company got converted into Public Limited Company w.e.f.16th August, 2016.

5. On September 26, 2016, the Company has issued and allotted 1,18,500 equity shares of ₹ 10/- each on exercising the vesting rights by the employees of the Company under the Employees Stock Option Scheme, 2011.

6. On December 15, 2016, the Company has issued and allotted 70,09,345 equity shares of ₹ 10/- each through Initial Public Offer (IPO).

7. The Company has acquired balance 73% of shareholding of Sriam Labs Private Ltd on November 2, 2016, so that along with the earlier shareholding of 27% held by the Company in Sriam Labs Private Ltd, Sriam Labs Private Ltd became 100% subsidiary of the Company

For RPR & ASSOCIATES
Company Secretaries

Y Ravi Prasada Reddy
Proprietor
FCS No. 5783, C P No. 5360.

Place of Signature: Hyderabad
Date: 05th May, 2017.

This Report is to be read with our letter of even date which is annexed as Annexure and forms part of this report.

Annexure

To
The Members,
M/s. LAURUS LABS LIMITED
Plot No.21, Jawaharlal Nehru Pharma City,
Parawada, Visakhapatnam, Andhra Pradesh – 531021.

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

1. Maintenance of Secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices followed by us provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

4. Wherever required, we have obtained the Management representations about the compliance of laws, rules and regulations and happening of events etc.,

5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For RPR & ASSOCIATES
Company Secretaries

Y Ravi Prasada Reddy
Proprietor
FCS No. 5783, C P No. 5360.

Place of Signature: Hyderabad
Date: : 05th May, 2017.

Annexure - 4

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 Corporate Governance Report
3 Average net profit of the company for last three financial years : 1236.32 Mn.
4 Prescribed CSR Expenditure (2% of item 3 above) : 24.73 Mn.
5 Details of CSR spent during the financial year. :
6 Total amount to be spent for the financial year; : 41.03 Mn.
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	L V Prasad Eye Institute	Promoting Preventive Health Care	Hyderabad		3,333,333	3,333,333	Direct
2	Market Yard	Rural development projects	Visakhapatnam		4,106,663	4,106,663	Direct
3	School Benches	Promoting Education	Visakhapatnam		454,387	454,387	Direct
4	Stipend for Krishna University Students	Promoting Education	Visakhapatnam		722,894	722,894	Direct
5	Swarna Bharat Turst	Promoting Education	Vijayawada		10,000,000	10,000,000	Direct
6	Digitalization programme	Rural development projects	Munnaluru, Andhra Pradesh		1,107,517	1,107,517	Direct
7	Mobile Science Lab	Promoting Education	Visakhapatnam		1,786,000	1,786,000	Paid to Trust
8	Drinking Water Facility for Govt Pharmacy College	Safe Drinking Water	Visakhapatnam		91,620	91,620	Direct
9	Ear surgeries and financial help for cochlear implant	Promoting Preventive Health Care	Visakhapatnam		600,000	600,000	Paid to Trust
10	School Teacher Salary	Promoting Education	Hyderabad		78,000	78,000	Direct
11	School Teacher Salary	Promoting Education	Visakhapatnam		30,000	30,000	Direct
12	Indian School of Business	Promoting Education	Hyderabad		5,000,000	5,000,000	Direct
13	Stipend for Gitam University Students	Promoting Education	Visakhapatnam		13,338,545	13,338,545	Direct
14	Grabage Vehicle for Mogalipuram panchayathi	Swatch Bharat	Mogalipuram, Andhra Pradesh		380,000	380,000	Direct
	Total				41,028,959	41,028,959	

Annexure - 5

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March 2017
[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	L24239AP2005PLC047518
ii.	Registration Date	19th September 2005
iii.	Name of the Company	Laurus Labs Limited
iv.	Category/Sub-Category of the Company	Limited Company
v.	Address of the Registered office and contact details	Plot No. 21, Jawaharlal Nehru Pharma City, Parawada, Visakhapatnam – 531 021, India Phone No.:+91 40 39804333
vi.	Whether listed company	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent,if any	Karvy Computershare Private Limited, Selenium Tower B Plot No. 31-32,, Gachibowli Financial District, Nanakramguda, Hyderabad, Telangana, 500 032.

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:-

Sr. 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	210	98%

III. Particulars of Holding, Subsidiary and Associate Companies

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable Section
1	Laurus Synthesis Inc		Subsidiary	100%	Sec. 2(87)(ii)
2	Sriam Labs Private Limited	U24239TG2002PTC038490	Subsidiary*	100%	Sec. 2(87)(ii)

* Effective from November 1, 2016. Until then, Sriam Labs Private Limited was an Associate Company of the Company.

Annexure - 5

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
A. Promoter	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A) (1) Indian									
a) Individual/ HUF	1,075,000	6,566,000	7,641,000	48.46	32,407,704	0	32,407,704	30.64	(17.82)
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp									
e) Banks / FI									
f) Any Other									
Sub-total(A)(1):-	1,075,000	6,566,000	7,641,000	48.46	32,407,704	0	32,407,704	30.64	
(A) (2) Foreign									
a) NRIs-Individuals									
b) Other-Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other									
Sub-total(A)(2):-									
Total Share-holding of Promoter (A)=(A)(1)+ (A)(2)	1,075,000	6,566,000	7,641,000	48.46	32,407,704	0	32,407,704	30.64	
B. Public Shareholding									
(B) (1) Institutions									
a) Mutual Funds					11,723,602	0	11,723,602	11.09	100
b) Banks/ FI					239,476	0	239,476	0.23	100
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs	5,923,630	1,000	5,924,630	37.58	33,227,208	0	33,227,208	31.41	(6.17)
h) Foreign Venture Capital Funds									
i) Others (specify)									
i. Alternate Investment Funds					1,247,228	0	1,247,228	1.18	100
ii. Foreign Portfolio Investors					10,355,622	0	10,355,622	9.79	100
Sub-total (B)(1)	5,923,630	1,000	5,924,630	37.58	56,793,136	0	56,793,136	53.70	
(B) (2) Non Institutions									
a) Bodies Corp.									
(i) Indian									
(ii) Overseas									
b) Individuals									
(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	7,000	281,125	288,125	1.83	5,315,678	798,507	6,114,185	5.78	3.95
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	993,000	668,750	1,661,750	10.54	4,722,902	920,000	5,642,902	5.33	(5.21)
c) Others(Specify)									
i) NR Individual	25,000	0	25,000	0.16	373,735	0	373,735	0.36	0.20
ii) Foreign National	0	20,000	20,000	0.13	0	80,000	80,000	0.08	(0.05)
iii) NBFCs registered with RBI					321,791	0	321,791	0.30	100
iv) Trusts	0	206,750	206,750	1.31	827,000	0	827,000	0.78	(0.53)
v) Clearing Members					94,618	0	94,618	0.09	100
vi) Bodies Corporate					2,503,941	0	2,503,941	2.37	100
vii) HUF					597,237	0	597,237	0.56	100
Sub-total (B)(2)	1,025,000	1,176,625	2,201,625	13.97	14,756,902	1,798,507	16,555,409	15.65	
Total Public Shareholding (B)=(B)(1)+ (B)(2)	6,948,630	1,177,625	8,126,255	51.55	71,550,038	1,798,507	73,348,545	69.36	
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	8,023,630	7,743,625	15,767,255	100.00	103,957,742	1,798,507	105,756,249	100.00	

Annexure - 5

ii. Shareholding of Promoters

Sl. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	% change in shareholding during the year
1	Dr. Satyanarayana C	3,734,500	23.69	Nil	16,781,704	15.87	Nil	(7.82)
2	Ms. Naga Rani C	1,560,000	9.89	Nil	6,240,000	5.90	Nil	(3.99)
3	Dr. Raju S Kalidindi	1,300,000	8.24	Nil	5,200,000	4.92	Nil	(3.32)
4	Mr. Ravi Kumar V V	400,000	2.54	Nil	1,600,000	1.51	Nil	(1.03)
5	Dr. Lakshmana Rao C V	575,000	3.65	Nil	2,300,000	2.17	Nil	(1.48)
Promoter Group								
6	Ms. Kommana Kamala	5,000	0.03	Nil	20,000	0.02	Nil	(0.01)
7	Ms. Vasireddi Krishnaveni	10,000	0.06	Nil	40,000	0.04	Nil	(0.02)
8	Ms. Suryadevara Rama	10,000	0.06	Nil	40,000	0.04	Nil	(0.02)
9	Ms. Chintalapati Jayapadma	10,000	0.06	Nil	40,000	0.04	Nil	(0.02)
10	Ms. Chintalapati Vijaya Durga	10,000	0.06	Nil	40,000	0.04	Nil	(0.02)
11	Mr. S Narasimha Rao	6,500	0.04	Nil	26,000	0.02	Nil	(0.02)
12	Ms. Hymavathi V	10,000	0.06	Nil	40,000	0.04	Nil	(0.02)
13	Mr. Sekhar Babu C	5,000	0.03	Nil	20,000	0.02	Nil	(0.01)
14	Ms. Naga Mani T	5,000	0.03	Nil	20,000	0.02	Nil	(0.01)
	Total	7,641,000	48.44		32,407,704	30.64		

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
At the beginning of the year	7,641,000	48.46		
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
Due to conversion of other preference shares into equity shares, the percentage came down to 30.99				30.99
Add: On 15/07/2016, 460,926 Series B compulsorily convertible preference shares were converted to equity shares in 1:1 ratio to Dr. Satyanarayana C.	460,926	1.86	8,101,926	32.85
Add: On 27/07/2016, Issue and allotment of 24,305,778 bonus equity shares in 3:1 ratio to all the promoters as part of Bonus issue	24,305,778	0.00	32,407,704	32.85
Due to allotment of shares in ESOP and IPO, percentage came down to 30.64				30.64
At the End of the year	32,407,704	30.64		

Annexure - 5

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		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	21.13		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	Due to conversion of Preference Shares, percentage came down to 13.51				13.51
	Add: Conversion of Series B Preference Shares to Equity Shares in 1:1 ratio on 15/07/2016	13,242	0.05	3,344,000	13.56
	Add: Conversion of Series C Preference Shares to Equity Shares in 1:1 ratio on 15/07/2016.	4,153,399	16.84	7,497,399	30.40
	Add: Bonus Issue in 3:1 ratio on 27/07/2016.	22,492,197	0	29,989,596	30.40
	Due to allotment of shares in ESOP and IPO, percentage came down to 28.35				28.35
	Less: Sale in IPO under OFS on 15/12/2016.	-9,000,000	-8.51	20,989,596	19.84
	At the end of the year	20,989,596	19.84		
2.	**FIL capital Management (Mauritius) Limited**				
	At the beginning of the year	2,592,872	16.45		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	Due to conversion of preference shares, percentage came down to 10.51				10.51
	Add: Conversion of Series B Preference Shares to Equity Shares in 1:1 ratio on 15/07/2016	1,973,531	8.00	4,566,403	18.51
	Add: Bonus Issue in 3:1 ratio on 27/07/2016.	13,699,209	0.00	18,265,612	18.51
	Due to allotment of shares in ESOP and IPO, percentage came down to 17.27				17.27
	Less: Sale in IPO under OFS on 15/12/2016.	-6,028,000	-5.69	12,237,612	11.57
	At the end of the year	12,237,612	11.57		
3.	**SBI Mutual Fund (SBI Magnum Global Fund)**				
	At the beginning of the year	0	0		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	Add: IPO Allotment on 15/12/2016	1,308,009	1.23	1,308,009	1.23
	Add: Purchase as per Benpos 23/12/2016	6,220,557	5.9	7,528,566	7.13
	Add: Purchase as per Benpos 30/12/2016	763,666	0.73	8,292,232	7.86

Annexure - 5

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

Sl. No.	For Each of the Top 10 Shareholders	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
	Add: Purchase as per Benpos 06/01/2017	26,242	0.02	8,318,474	7.88
	Less: Sale as per Benpos 20/01/2017	-17,315	-0.02	8,301,159	7.86
	Add: Purchase as per Benpos 03/02/2017	31,833	0.03	8,332,992	7.89
	Less: Sale as per Benpos 10/02/2017	-373,905	-0.35	7,959,087	7.54
	Less: Sale as per Benpos 17/02/2017	-61,978	-0.06	7,897,109	7.48
	Less: Sale as per Benpos 03/03/2017	-69,459	-0.07	7,827,650	7.41
	Less: Sale as per Benpos 17/03/2017	-11,000	-0.01	7,816,650	7.40
	Less: Sale as per Benpos 24/03/2017	-59,272	-0.06	7,757,378	7.34
	Less: Sale as per Benpos 31/03/2017	-329,419	-0.32	7,427,959	7.02
	At the end of the year	7,427,959	7.02		
4.	Kotak Select Focus Fund				
	At the beginning of the year	0	0		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	Add: IPO Allotment on 15/12/2016	1,244,671	1.17	1,244,671	1.17
	Add: Purchase as per Benpos 23/12/2016	52,418	0.05	1,297,089	1.22
	Less: Sale as per Benpos 30/12/2016	-51,300	-0.05	1,245,789	1.17
	Less: Sale as per Benpos 06/01/2017	-3,391	-0.00	1,242,398	1.17
	Less: Sale as per Benpos 20/01/2017	-11,574	-0.01	1,230,824	1.16
	Add: Purchase as per Benpos 10/02/2017	2	0.00	1,230,826	1.16
	Add: Purchase as per Benpos 17/02/2017	408,067	0.39	1,638,893	1.55
	Add: Purchase as per Benpos 24/02/2017	553,025	0.53	2,191,918	2.08
	Add: Purchase as per Benpos 03/03/2017	99,713	0.09	2,291,631	2.17
	Add: Purchase as per Benpos 10/03/2017	101,680	0.09	2,393,311	2.26
	Less: Sale as per Benpos 17/03/2017	-2,374	-0.00	2,390,937	2.26
	Add: Purchase as per Benpos 24/03/2017	57,575	0.05	2,448,512	2.31
	Add: Purchase as per Benpos	113,475	0.11	2,561,987	2.42
	At the end of the year	2,561,987	2.42		

Annexure - 5

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

Sl. No.	For Each of the Top 10 Shareholders	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
5.	**Yalavarthy Vijaya Lakshmi**				
	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):				
	Due to conversion of Preference shares, allotment of shares in ESOP and IPO, percentage came down to 2.27				2.27
	Add: Bonus Issue in 3:1 ratio on 27/07/2016.	1,800,000	0.00	2,400,000	2.27
	Add: IPO Allotment on 15/12/2016.	16,828	0.01	2,416,828	2.28
	Add: Purchase as per Benpos 03/02/2017	1,000	0.00	2,417,828	2.28
	Add: Purchase as per Benpos 10/02/2017	5,797	0.01	2,423,625	2.29
	Add: Purchase as per Benpos 24/02/2017	3,000	0.00	2,426,625	2.29
	Add: Purchase as per Benpos 24/03/2017	10,650	0.01	2,437,275	2.30
	At the end of the year	2,437,275	2.30		
6.	**Nomura India Investment Fund Mother Fund**				
	At the beginning of the year	0	0		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	Add: Purchase as per Benpos 23/12/2016	1,000,000	0.94	1,000,000	0.94
	Add: Purchase as per Benpos 30/12/2016	499,786	0.47	1,499,786	1.41
	Add: Purchase as per Benpos 06/01/2017	214	0.00	1,500,000	1.41
	Add: Purchase as per Benpos 13/01/2017	10,231	0.00	1,510,231	1.41
	Add: Purchase as per Benpos 03/02/2017	593,500	0.56	2,103,731	1.97
	Less: Sale as per Benpos 10/02/2017	-71,551	-0.06	2,032,180	1.91
	Less: Sale as per Benpos 17/02/2017	-13,718	-0.01	2,018,462	1.90

Annexure - 5

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

Sl. No.	For Each of the Top 10 Shareholders	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
	At the end of the year	2,018,462	1.90		
7.	**Goldman Sachs India Limited**				
	At the beginning of the year	0	0		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	Add: IPO Allotment on 15/12/2016.	745,802	0.70	745,802	0.70
	Add: Purchase as per Benpos 23/12/2016	600,000	0.57	1,345,802	1.27
	Add: Purchase as per Benpos 31/03/2017	86,841	0.08	1,432,643	1.35
	At the end of the year	1,432,643	1.35		
8.	**Government Pension Fund Global**				
	At the beginning of the year	0	0		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	Add: IPO Allotment on 15/12/2016	531,900	0.50	531,900	0.50
	Add: Purchase as per Benpos 23/12/2016	466,658	0.44	998,558	0.94
	Add: Purchase as per Benpos 30/12/2016	92,572	0.09	1,091,130	1.03
	Add: Purchase as per Benpos 13/01/2017	31,209	0.02	1,122,339	1.05
	Add: Purchase as per Benpos 20/01/2017	5,664	0.00	1,128,003	1.06
	At the end of the year	1,128,003	1.06		
9.	**Canara HSBC Oriental Bank of Commerce Life Insurance Company Ltd**				
	At the beginning of the year	0	0		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	Add: IPO Allotment on 15/12/2016	303,095	0.28	303,095	0.28
	Add: Purchase as per Benpos 30/12/2016	25,358	0.02	328,453	0.30
	Add: Purchase as per Benpos 13/01/2017	33,382	0.03	361,835	0.33
	Add: Purchase as per Benpos 20/01/2017	439,724	0.42	801,559	0.75
	Add: Purchase as per Benpos 27/01/2017	121,733	0.12	923,292	0.87
	Add: Purchase as per Benpos 03/02/2017	48,212	0.04	971,504	0.91
	Add: Purchase as per Benpos 10/02/2017	904	0.00	972,408	0.91
	Less: Sale as per Benpos 17/02/2017	-101	-0.00	972,307	0.91

Annexure - 5

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

Sl. No.	For Each of the Top 10 Shareholders	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
	Add: Purchase as per Benpos 24/02/2017	234	0.00	972,541	0.91
	Less: Sale as per Benpos 03/03/2017	-582	-0.00	971,959	0.91
	Less: Sale as per Benpos 10/03/2017	-1220	-0.00	970,739	0.91
	Less: Sale as per Benpos 17/03/2017	-3,811	-0.00	966,928	0.91
	Less: Sale as per Benpos 24/03/2017	-3,511	-0.00	963,417	0.90
	Less: Sale as per Benpos 31/03/2017	-1,253	-0.00	962,164	0.90
	At the end of the year	962,164	0.90		
10.	DSP Blackrock AIF Pharma Fund				
	At the beginning of the year	0	0		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	Add: Purchase as per Benpos 20/01/2017	160,982	0.15	160,982	0.15
	Add: Purchase as per Benpos 27/01/2017	47,018	0.04	208,000	0.19
	Add: Purchase as per Benpos 03/02/2017	100,000	0.10	308,000	0.29
	Add: Purchase as per Benpos 10/02/2017	267,123	0.25	575,123	0.54
	Add: Purchase as per Benpos 17/02/2017	125,000	0.12	700,123	0.66
	Add: Purchase as per Benpos 31/03/2017	45,604	0.04	745,727	0.70
	At the end of the year	745,727	0.70		

v. Shareholding of Directors and Key Managerial Personnel

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Dr. Satyanarayana C.				
	At the beginning of the year	3,734,500	23.69		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	Due to conversion of preference shares percentage came down to 15.15				15.15
	Add: Conversion of B Series Preference Shares to Equity Shares in 1:1 ratio on 15/07/2016	460,926	1.86	4,195,426	17.01
	Add: Bonus Issue in 3:1 ratio on 27/07/2016.	12,586,278	0.00	16,781,704	17.01
	Due to allotment of further shares in ESOP scheme and in IPO, the percentage came down to 15.86				15.86
	At the end of the year	16,781,704	15.86		

Annexure - 5

v. Shareholding of Directors and Key Managerial Personnel (Contd.)

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
2	Dr. Srihari Raju Kalidindi				
	At the beginning of the year	1,300,000	8.24		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	Due to conversion of preference shares, the percentage came down to 5.27				5.27
	Add: Bonus Issue in 3:1 ratio on 27/07/2016.	3,900,000	0.00	5,200,000	5.27
	Due to allotment of ESOP shares and IPO, percentage came down to 4.91				4.91
	At the end of the year	5,200,000	4.91		
3	Mr. V V Ravi Kumar				
	At the beginning of the year	4,00,000	2.54		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	Due to conversion of preference shares, percentage came down to 1.62				1.62
	Add: Bonus Issue in 3:1 ratio on 27/07/2016	1,200,000	0.00	1,600,000	1.62
	Due to allotment of ESOP shares and IPO, percentage came down to 1.51				1.51
	At the end of the year	1,600,000	1.51		
4	Mr. G. Venkateswar Reddy				
	At the beginning of the year	0	0		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	Add: IPO Allotment on 15/12/2016.	428	0.00	428	0.00
	At the end of the year	428	0.00		

V. Indebtedness

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

₹ in Million

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	9,083.77	1,061.33	-	10,145.10
ii) Interest due but not paid	45.92	-	-	45.92
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**9,129.69**	**1,061.33**	**-**	**10,191.02**
Change in Indebtedness during the financial year				
- Addition	2,008.56	-	-	2,008.56
- Reduction	(3,298.25)	(1,061.33)	-	(4,359.58)
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount	7,813.17	-	-	7,813.17
ii) Interest due but not paid	26.83	-	-	26.83
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	7,840.00	-	-	7,840.00

Annexure - 5

VI. Remuneration of directors and key managerial Personnel

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		Whole-time Directors				
		Dr. Satyanarayana C.	Dr. Srihari Raju Kalidindi	Ravi Kumar V. V.	Chandrakanth. Ch	
1.	Gross salary					
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	96,650,459	25,629,421	26,160,721	7,790,048	156,230,649
	(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 - others, specify..	-	-	-	-	-
5.	Others	-	-	-	-	-
6.	**Total (A)**	**96,650,459**	**25,629,421**	**26,160,721**	**7,790,048**	**156,230,649**
	Ceiling as per the Act					**274,189,163**

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Frank J Wright	Amal Ganguli	Aruna Rajendra Bhinge	Rajesh Koshy Chandy	Ramesh Subrahmanian	Total Amount
	Independent Directors						
	Fee for attending board committee meetings	-	351,000	753,000	300,797	601,250	2,006,047
	Commission						
	Others: Director's Remuneration	-	3,387,328	1,478,589	1,821,736	1,297,363	7,985,016
	Total (1)	**-**	**3,738,328**	**2,231,589**	**2,122,533**	**1,898,613**	**9,991,063**
	Other Non-Executive Directors						
	Fee for attending board committee meetings	400,000	-	-	-	-	400,000
	Commission						
	Others: Director's Remuneration	3,896,108	-	-	-	-	**3,896,108**
	Total (2)	**4,296,108**	**-**	**-**	**-**	**-**	**4,296,108**
	Total (B)=(1+2)	**-**	**-**	**-**	**-**	**-**	**14,287,171**
	Total Managerial Remuneration (A+B)						**170,517,820**
	Overall Ceiling as per the Act						**301,608,079**

Annexure - 5

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

Sl. no.	Particulars of Remuneration	Company Secretary
1.	Gross salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	3,908,295
	(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	
1.	Stock Option	-
2.	Sweat Equity	-
3.	Sweat Equity	
4.	Commission	-
	- as % of profit	
	- others, specify	
5.	Others	-
6.	Total	3,908,295

VII. Penalties / Punishment / Compounding of of fences:

Type	Section of the Companies Act	Brief description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority[RD /NCLT/Court]	Appeal made. If any(give details)
A. Company					
Penalty					
Punishment					
Compounding					
B. Directors					
Penalty			Nil		
Punishment					
Compounding					
C. Other Officers In Default					
Penalty					
Punishment					
Compounding					

Annexure - 6

Employee Worked Part of the Financial year & Received Aggregate Remuneration of not Less Than Eight Lakh Fifty Thousand Rupees Per Month (Including Employer Contribution to PF)

S.No.	Name of the Employee	Designation	Remuneration received (CTC in ₹) FY 2016-17	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	Uma Maheswer Rao V	Executive Vice President	5,279,699	Permanent	Msc, Ph.D; 25	09/06/2016	-	56	Sriam Labs Private Limited	32,269	No
2	Prafulla Kumar Nandi	Sr. Vice President	5,750,650	Permanent	Ph.D; 22	11/07/2016	-	48	Apotex India	988	No

Employee Worked Throughout the Financial Year & Received Aggregate Remuneration of Not Less Than One Hundred And Two Lacs Rupees/ Top Ten Employees (Including Employer Contribution to PF)

S.No.	Name of the Employee	Designation	Remuneration received (CTC in ₹) FY 2016-17	Nature Contract/ Permanent	Qualification & Experience in years	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	96,650,459	Permanent	MSc, Ph D; 31	21-01-2006	54	Matrix Laboratories Ltd	16,781,704	Yes
2	Ravi Kumar V. V.	Whole-time Director	26,160,721	Permanent	M.Com, FCMA 28	30-11-2006	52	Matrix Laboratories Ltd	1,600,000	No
3	Dr. Srihari Raju K	Whole-time Director	25,629,421	Permanent	MSc, Ph D; 31	03-04-2006	54	Mayne Pharma, Australia	5,200,000	No
4	Martyn Oliver James Peck	Sr. Vice President	17,579,787	Permanent	BSc; 27	18-08-2008	48	Mayne Pharma, Australia	80,000	No
5	Dr. Anjaneyulu G S R	Executive Vice President	10,675,407	Permanent	MSc, Ph D; 32	05-02-2007	56	Matrix Laboratories Ltd	261,383	No
6	Srinivasa Rao S	Executive Vice President	10,044,056	Permanent	MSc; 22	02-04-2008	49	Matrix Laboratories Ltd	121,681	No
7	Dr. Venkata Lakshmana Rao C	Executive Vice President	9,004,844	Permanent	MSc, Ph D; 29	07-02-2007	55	Mayne Pharma, Australia	2,300,000	No
8	Chandrakanth Ch	Whole-time Director	7,790,048	Permanent	M.Tech; MS; PGPM; 8	10-02-2012	34	Mc Kinsey	0	Yes
9	Bhaskaraiah M	Sr. Vice President	7,718,267	Permanent	B.Tech; 26	05-04-2007	51	Matrix Laboratories Ltd	120,721	No
10	Narasimha Rao D V L	Vice President	6,696,566	Permanent	M.Sc; PGDEM; PGDCA; 25	04-09-2007	48	Matrix Laboratories Ltd	100,000	No

Annexure - 6

Information pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1 The ratio of remuneration of each director to the median remuneration of the employees of the Company for the financial year:

Sl.No.	Name & Designation	Ratio
1	Mr. Amal Ganguli, Chairman & Independent Director (deceased on May 8, 2017)	10
2	Dr. Satyanarayana, Whole-time Director & CEO	271
3	Dr. Raju Srihari Kalidindi, Whole-time Director	72
4	Mr. V V Ravi Kumar, Whole-time Director & CFO	73
5	Mr. Chandrakanth Chereddi, Whole-time Director (effective from August 9, 2016)	22
6	Mr. Frank J Wright, Non-Executive Director (resigned with effect from 31st March 2017)	12
7	Mrs. Aruna Bhinge, Independent Director	6
8	Dr. Rajesh Koshy Chandy, Independent Director	6
9	Mr. Ramesh Subrahmanian, Independent Director	5

2 The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year:

Sl.No.	Name & Designation	Increase in percentage
1	Mr. Amal Ganguli, Chairman & Independent Director (deceased on May 8, 2017)	56%
2	Dr. Satyanarayana, Whole-time Director & CEO	138%
3	Dr. Raju Srihari Kalidindi, Whole-time Director	62%
4	Mr. V V Ravi Kumar, Whole-time Director & CFO	66%
5	Mr. Chandrakanth Chereddi, Whole-time Director (effective from August 9, 2016)	30%
6	Mr. Frank J Wright, Non-Executive Director (resigned with effect from 31st March 2017)	13%
7	Mrs. Aruna Bhinge, Independent Director	NA
8	Dr. Rajesh Koshy Chandy, Independent Director	NA
9	Mr. Ramesh Subrahmanian, Independent Director	NA
10	Mr. G. Venkateswar Reddy, Sr. General Manager (Legal & Secretarial) and Company Secretary	23%

3	The percentage increase in the median remuneration of employees in the financial year	13%
4	The number of permanent employees on the rolls of the Company as on March 31, 2017	2,660
5	Average increment of employees other than the managerial personnel	20.9%

Affirmation
We hereby affirm that the above remuneration is as per the Remuneration Policy of the Company

Annexure - 7

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, 2017 under the Employees Stock Option Scheme-2011 of the Company are as under:

S.No.	Particulars	Grant-1	Grant-2	Grant-3	Grant-4	Grant-5	Total
a	Options granted						
	Options granted initially	553,000	28,000	38,500	75,500	185,438	880,438*
	Additional Options granted pursuant to Bonus issue	0	30,000	57,375	162,000	539,064	788,439
	Total Options granted	553,000	58,000	95,875	237,500	724,502	1,668,877*
b	Options vested	505,250	51,750	35,125	53,000	0	645,125
c	Options exercised	505,250	51,750	35,125	53,000	0	645,125
d	The total no. of shares arising as a result of exercise of options	505,250	51,750	35,125	53,000	0	645,125
e	Options lapsed	47,750	6,250	9,750	28,500	25,002	117,252
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	517,500	351,250	530,000	0	6,451,250
i	Total number of options in force	0	0	51,000	156,000	699,500	906,500

*including re-issue of lapsed options

j. Employee-wise details of options granted to –

(i) Key Managerial Personnel : Nil

(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

The details of Stock Options as on March 31, 2017 under the Employees Stock Option Scheme 2016 of the Company are as under:

S.No.	Particulars	Grant-1	Total
a	Options granted		
	Options granted initially	178,438	178,438
	Additional options granted pursuant to Bonus Issue	518,064	518,064
	Total Options granted	696,502	696,502
b	Options vested	0	0
c	Options exercised	0	0
d	The total no. of shares arising as a result of exercise of options	0	0
e	Options lapsed	27,002	27,002
f	The Exercise Price (₹)	550	550
g	Variations of terms of Options	Nil	Nil
h	Money realized by exercise of options	0	0
i	Total number of options in force	669,500	669,500

j. Employee-wise details of options granted to -

(i) Key Managerial Personnel : Nil

(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 - 8

Conservation of Energy, Technology Absorption, Adaptation and Innovation

(A) Conservation of energy :

(i)	The steps taken or impact on conservation of energy	› Installation of Variable Frequency Drive (VFD) for utility AHUs and Chilling compressors saved 5.9 Lac units amounting to ₹ 40.8 Lac › Change of agitator types in reactors to more energy efficient agitators (turbofoil) saved 9 Lac units amounting to ₹ 61 Lac › Utility pumps trimming saved 2.4 Lac units amounting to ₹ 16 Lac. › Installation of auto temperature controller for cooling towers saved 1.3 Lac units amounting to ₹ 9 Lac › Installed Energy Efficient Lighting. LED fittings instead of CFL lamps which saved ₹ 44.8 Lac/Annum › Installed Energy Efficient Transformer instead of the conventional transformer which saves around ₹ 7.6 Lac/Annum › Energy Saving Lighting Transformer which saves around ₹ 5.1 lac /Annum › Installed VFDs for all the AHUs which saves around ₹ 32.1 lac / annum
(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 › Installation of auto temperature controller for cooling towers to maintain the temperature, which impact save the energy of 5.5 Lac units/Amounting to ₹ 39 Lac by investing of ₹ 1,00,000/-.
(iii)	The capital investment on energy conservation equipment	₹ 22.25 Mn

(B) Technology Absorption:

(i)	The efforts made towards technology absorption	New spray dryer was procured in Unit-3.
(ii)	The benefits derived like product improvement, cost reduction, product development or import substitution	This is useful in producing amorphous forms or meet specific drying requirements at a kilo scale.
(iii)	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) The details of technology imported The year of import Whether the technology has been absorbed If not fully absorbed, areas where absorption has not taken place, and the reasons thereof; (a) The details of technology imported (b) The year of import (c) Whether the technology has been absorbed (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof;	No import of technology
(iv)	The expenditure incurred on Research and Development	₹ 187 Mn (Capex) and ₹ 1,054 Mn (Recurring) Total = ₹ 1,241 Mn

(C) Foreign Exchange Earnings and Outgo:

Total Forex Inflow ₹ 6,745 Mn
Total Forex Outflow ₹ 8,560 Mn

Report on Corporate Governance

1. Company's Philosophy:

Laurus Labs believes that Corporate Governance is a time tested process across the globe which, if implemented in its letter and spirit, brings in sustained corporate growth and long term benefits for all the stakeholders. The Company will strive to create wealth to meet all stakeholders' expectations and be a responsible corporate citizen in its societal commitments by following best Corporate Governance practices. Empowerment and accountability – is the philosophy of the Company on Corporate Governance. The Company endeavours to implement the Code of Corporate Governance in its true spirit.

2. Board and Its Composition:

Your Board comprises optimal combination of Independent as well as Non-executive Directors having in-depth knowledge of the business of the industry. The size and composition of the Board conforms to the requirements of the Corporate Governance code under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The composition of directors, meeting attendance and other details of the directors are as follows:

Sl No.	Name of the Director	Category of Directorship	Attendance at Board Meetings		No of Directorship in listed entities including this listed entity (Refer Regulation25(1) of Listing Regulations)	Number of memberships / chairmanship in Audit/ Stakeholder Committee(s) including this listed entity (Refer Regulation 26(1) of Listing Regulations)		Whether present at the previous AGM
			Held	Attended		Chairman	Member	
1	Mr. Amal Ganguli (passed away on 08.05.2017)	Chairman, Non-Executive and Independent Director	20	6	6	5	10	No
2	Dr. Chava Satyanarayana	Promoter, Executive Director and Chief Executive Officer	20	19	1	0	0	Yes
3	Dr. Kalidindi Srihari Raju	Promoter and Executive Director	20	18	1	0	1	No
4	Mr. VV Ravi Kumar	Promoter, Executive Director and Chief Financial Officer	20	19	1	0	2	Yes
5	Mr. Chereddi Chandrakanth (Appointed on 09.08.2016)	Executive Director	12	12	1	0	1	N.A.
6	Mr. Rajesh Kumar Dugar	Non-Executive and Nominee Director	20	8	1	0	0	No
7	Mr. Narendra Ostawal	Non-Executive and Nominee Director	20	12	2	1	1	No
8	Mrs. Aruna Rajendra Bhinge (Appointed on 07.07.2016)	Non-Executive and Independent Director	15	12	1	0	1	N.A.
9	Mr. Rajesh Koshy Chandy (Appointed on 27.07.2016)	Non-Executive and Independent Director	13	5	1	0	0	N.A.
10	Mr. Ramesh Subrahmanian (Appointed on 09.08.2016)	Non-Executive and Independent Director	12	8	1	0	1	N.A.
11	Mr.Niten Malhan (Resigned on 09.08.2016)	Non-Executive Director	7	5	0	0	0	No
12	Mr. Robert Weissk off (Resigned on 09.08.2016)	Non-Executive Director	7	5	0	0	0	No
13	Mr.Conner Town Mulvee (Resigned on 29.12.2016)	Non-Executive Director	20	0	1	0	0	No
14	Mr.Frank J Wright (Resigned on 31.03.2017)	Non-Executive Director	20	7	1	1	1	No

Disclosure of relationships between directors inter-se:

Mr. Chandrakanth Chereddi is son-in-law of Dr. Satyanarayana Chava. Other than these two directors, none of the directors are related to any other Director.

Details about familiarization programme:

During the year, the Company has inducted three independent directors on the Board. The Company has arranged a special induction/familiarization program to these three directors wherein these three directors have made a two-day visit in November 2016 to its Corporate Office and its R&D Plant at Hyderabad, its manufacturing facilities at Visakhapatnam and interacted with all senior colleagues including the whole time directors of the Company. During March 2017 also once again the Board meeting was conducted in Visakhapatnam and the Directors have visited all the manufacturing facilities of the Company. At the time of appointment, the CEO and some other Board members have interacted with these new independent directors and explained the objective and philosophy and core values of the Company. The Company has provided all the literature such as its previous annual reports, presentation on operations, budget vs. achievements etc. All these independent directors have been provided with the letters of appointments wherein their duties, roles and expectations of the Company etc. have been clearly specified.

Apart from the above, senior management personnel of the Company regularly make presentations to the Board members on the operations of the Company, its plans, strategy, risks involved, new initiatives etc. and seek their views and suggestions on the same. The Board members have been provided with various policies of the Company including Code of Conduct for Directors and Senior Management Personnel etc.

The details of these familiarization programs have been placed on the Company's website at

Policy: http://www.lauruslabs.com/sites/all/themes/lauruslab//Investors/PDF/Policies/Familirization_Programmes_for_Independent_Directors.pdf

No. of shares held by non-executive directors:

Except Mrs. Aruna Rajendra Bhinge, who is holding 1,500 equity shares as on March 31, 2017, none of the Executive Directors are holding any shares or convertible instruments in the Company.

Details of Directors proposed for re-appointment at the Annual General Meeting:

Mr. Rajesh Kumar Dugar and Mr. Narendra Ostawal shall retire by rotation and being eligible, seek re-appointment. The details of these directors are as follows:

Mr. Rajesh Kumar Dugar

Rajesh Kumar Dugar is a Non-Executive, Nominee Director of our Company. He has been a Director of our Company since February 14, 2012. He was jointly nominated to the board of directors by Fidelity India Principals and FIL Capital Management (Mauritius) Limited. He holds a bachelor of Arts degree from Dartmouth College and a master of Business Administration degree from the Massachusetts Institute of Technology. He is the managing partner, Asia at Eight Roads Investment Advisors Private Limited. He has several years of experience in the Indian private equity industry.

Directorships in other Companies:

Sl. No.	Name of the Company	Designation	Date of Appointment
1.	Laurus Labs Limited	Nominee Director	14/02/2012
2.	PL Engineering Limited	Director	07/05/2010
3.	Shreem Electric Limited	Director	14/10/2010
4.	Mountain Trail Foods Private Limited	Nominee Director	15/03/2016
5.	IFMR Capital Finance Private Limited	Nominee Director	21/02/2017
6.	Sripan Land Development Private Limited	Director	09/06/2003
7.	Manthan Software Services Private Limited	Nominee Director	19/06/2013
8.	Eight Roads Investment Advisors Private Limited	Whole-time Director	28/01/2008

Committee Membership Details:

Sl. No.	Name of the Company	Name of the Committee	Whether Chairman / Member
1.	Manthan Software Services Private Limited	Audit & Budget Committee ESOP & Compensation Committee	Member
2.	IFMR Capital Finance Private Limited	NRC, Risk and Compensation Committees	Member
3.	Shreem Electric Limited	Audit Committee	Member
4.	Eight Roads investment Advisors Private Limited	CSR Committee	Member

Mr. Narendra Ostawal

Narendra Ostawal is a Non-Executive, Nominee Director of our Company. He was nominated to our Board by Bluewater Investment Ltd. He is a managing director of Warburg Pincus India Private Limited and is involved in the firm's investment advisory activities in India. He has been a Director of our Company since October 29, 2014. He holds a post graduate diploma in Management from the Indian Institute of Management, Bangalore. He is also a member of the Institute of Chartered Accountants of India. Prior to joining Warburg Pincus India Private Limited, he worked with McKinsey & Company.

Directorship in other Companies:

Sl. No.	Name of the Company	Designation	Date of Appointment
1.	Laurus Labs Limited	Nominee Director	29/10/2014
2.	NNA CRE Properties LLP	Designated Partner	01/05/2013
3.	Warburg Pincus India Pvt Ltd	Managing Director	01/01/2015
4.	Capital First Limited	Director	06/01/2015
5.	WPI Partners LLC, Class A	Member	01/012015
6.	Warburg Pincus LLC	Member	01/01/2015
7.	WP & Company Partners US, L.P.	Limited Partner	01/01/2015
8.	Warburg Pincus XI Partners, L.P.	Limited Partner	09/05/2012
9.	Warburg Pincus XI Partners, (Cayman), L.P.	Limited Partner	09/05/2012
10.	Warburg Pincus XI (E&P) Partners - B, L.P.	Limited Partner	09/05/2012
11.	Warburg Pincus Energy Partners, L.P.	Limited Partner	24/10/2014
12.	Warburg Pincus Energy Partners, (Cayman), L.P.	Limited Partner	24/10/2014
13.	Warburg Pincus(E&P) Energy Partners - B, L.P.	Limited Partner	24/10/2014
14.	Arihant Associates	Partner	21/01/2015
15.	Arihant Estates	Partner	04/09/2014

Committee Membership Details:

Sl. No.	Name of the Company	Name of the Committee	Whether Chairman / Member
1.	Laurus Labs Limited	Nomination & Remuneration Committee	Member
2.	Laurus Labs Limited	Stakeholders' Relationship Committee	Chairman
3.	Laurus Labs Limited	CSR Committee	Member
4.	Laurus Labs Limited	Risk Management Committee	Member

Dr. M Venu Gopala Rao

Born on December 20, 1940, Dr. M V G Rao was graduated with a B.Sc (Hons) in Chemical Engineering from the Andhra University. He also holds a post-graduation degree in Pulp and Paper Technology from the Forest Research Institute, Dehradun. He is conferred Honoris Causa by Rohilkhand University, Bareilly in recognition of his signal services towards promotion of closer Industry-Academic Institute ties. Dr. Rao has a rich and varied industry experience in the Pulp and Paper and Bulk Drug Industries. Dr. Rao was the Founder Chairman and Managing Director of Vera Laboratories, an USFDA approved Bulk Drug Manufacturing Unit which got merged with Matrix Laboratories Limited (currently Mylan Laboratories).

The Hyderabad Management Association (HMA) chose Dr. Rao as the "Manager of the Year, 1990" and the Institute of Economic Studies, New Delhi honoured him with its "Lok Shree" and "Udyog Shree" Awards in recognition of his outstanding services, leadership and social commitment. He was named as one of the Top Five Managers of Andhra Pradesh by the Dalal Street Journal, Bombay for Andhra Pradesh region in 1992.

Directorships in other Companies:

Sl. No.	Name of the Company	Designation	Date of Appointment
1.	Laurus Labs Limited	Director	18/05/2017
2.	Nava Bharat Ventures Limited	Director	25/09/1997
3.	Nava Bharat Energy India Limited	Director	23/01/2009
4.	BrahmaniInfratech Private Limited	Director	30/07/2009
5.	Patmax Infrastructure India Private Limited	Managing Director	20/12/2008
6.	V.V.V. Infrastructure Private Limited	Director	28/02/2006
7.	Nava Bharat Realty Limited	Director	20/08/2016
8.	Nava Bharat Projects Limited	Director	30/07/2014
9.	Nava Bharat Sugar And Bio Fuels Limited	Director	30/07/2009

Committee Membership Details:

Sl. No.	Name of the Company	Name of the Committee	Whether Chairman / Member
1.	Nava Bharat Projects Limited	Nomination & Remuneration Committee	Chairman
2.	Nava Bharat Projects Limited	Audit Committee	Chairman
3.	Nava Bharat Projects Limited	CSR Committee	Member
4.	Nava Bharat Ventures Limited	Nomination & Remuneration Committee	Member
5.	Nava Bharat Ventures Limited	Audit Committee	Member
6.	Nava Bharat Ventures Limited	CSR Committee	Member
7.	Nava Bharat Energy India Limited	Nomination & Remuneration Committee	Chairman
8.	Nava Bharat Energy India Limited	Audit Committee	Chairman
9.	Nava Bharat Energy India Limited	CSR Committee	Member
10.	BrahmaniInfratech Private Limited	Nomination & Remuneration Committee	Chairman
11.	BrahmaniInfratech Private Limited	Audit Committee	Chairman
12.	BrahmaniInfratech Private Limited	CSR Committee	Member

Dr. Ravindranath Kancherla

Dr. Ravindranath Kancherla is a world renowned expert in Surgical Gastroenterology and Laparoscopic Surgery and is heading Global Hospitals Group. He developed India's most comprehensive Hospital dedicated for Gastroenterology and a center to efficiently conduct the complicated procedure of organ transplantation. With extensive experience in surgeries, Dr. Ravindranath has become an authority in liver, pancreatic and bile duct resections, revision gastric surgeries, and reconstructive coloproctology. He has trained over 700 surgeons in laparoscopic procedures.

Directorships in other Companies:

Sl. No.	Name of the Company	Designation	Date of Appointment
1.	Laurus Labs Limited	Director	18/05/2017
2.	Global Infraprojects And Builders Private Limited	Director	02/01/2007
3.	Sonu Infraprojects And Builders Private Limited	Director	08/02/2008
4.	Global Hospital North Limited	Director	03/05/2005
5.	Hygieia Global Health Services Private Limited	Director	19/11/2014
6.	Centre For Digestive And Kidney Diseases India Private Limited	Managing Director	02/01/2005
7.	Global Hospitals Private Limited	Managing Director	30/01/2004
8.	Global Clinical Research Services Private Limited	Director	23/08/2006
9.	Ravindranath GE Medical Associates Private Limited	Director	01/01/1999
10.	Global Sunrise Medi Services Private Limited	Director	02/04/2007

Committee Membership Details:

Sl. No.	Name of the Company	Designation	Whether Chairman / Member
1.	Ravindranath GE Medical Associates Private Limited	Nomination & Remuneration Committee	Chairman
2.	Ravindranath GE Medical Associates Private Limited	Audit & Risk Management Committee	Member
3.	Centre For Digestive And Kidney Diseases India Private Limited	Audit Committee	Chairman

3. Committees of the Board:

(I). Audit Committee

The Audit committee of the Board is headed under the stewardship of Mr. Ramesh Subrahmanian. The other members of the Committee are Mr. V. V. Ravi Kumar and Mrs. Aruna Rajendra Bhinge. The Composition of the Audit Committee meets the requirement of Section 177 of the Companies Act, 2013 read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Audit Committee reviews reports of the Internal Auditors, meets Statutory Auditors as and when required and discusses their findings, suggestions, observations and other related matters. It also reviews major accounting policies followed by the Company.

During the year, the Audit Committee met 6 (Six) times and the attendance of members is as follows:

Sl No.	Name of the Audit Committee Member	No. of Meetings held	No. of Meetings attended
1	Mr. Amal Ganguli* Chairman & Independent Director DIN: 00013808	6	4
2	Mr. VV Ravi Kumar Chief Financial Officer DIN: 01424180	6	6
3	Mrs. Aruna Rajendra Bhinge Independent Director DIN: 07474950 (from 02.09.2016)	4	4
4	Mr. Ramesh Subrahmanian Independent Director DIN: 02933019 (from 09.08.2016)	5	3
5	Mr.Rajesh Kumar Dugar Non-Executive Nominee Director DIN: 00307729(upto 09.08.2016)	1	0
6	Mr. Narendra Ostawal Non-Executive Nominee Director DIN: 06530414 (upto 09.08.2016)	1	1

*Passed away on May 8th, 2017.

(II). Nomination and Remuneration Committee

Pursuant to the provisions of the Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Nomination and Remuneration Committee at its meetings evaluated every director on the basis of criteria for evaluation of directors formulated by it.

During the year, the Nomination and Remuneration Committee met 3 (Three) times and the attendance of members is as follows:

Sl No.	Name of the Audit Committee Member	No. of Meetings held	No. of Meetings attended
1	Mr. Amal Ganguli* Independent Director DIN: 00013808	3	1
2	Mr. Niten Malhan Director DIN:00614624 (upto 09.08.2016)	3	3
3	Mr. Francis Jackson Wright** Non-Executive Nominee Director DIN: 01609467	3	0
4	Mr. Rajesh Kumar Dugar Non-Executive Nominee Director DIN: 00307729 (upto 09.08.2016)	3	2

Sl No.	Name of the Audit Committee Member	No. of Meetings held	No. of Meetings attended
5	Mr. Ramesh Subrahmanian Chairman & Independent Director DIN: 02933019 (from 09.08.2016)	0	0
6	Mr. Narendra Ostawal Non-Executive Nominee Director DIN: 06530414 (from 13.05.2017)	0	0
7	Dr. Rajesh Koshy Chandy Non-Executive Independent Director DIN: 07575240 (from 31.03.2017)	0	0

*Passed away on May 08th, 2017.

**Resigned w.e.f March 31st, 2017.

Remuneration to Directors:

Details of remuneration paid to Directors during the financial year 2016-17 are as follows:

a. **Executive Directors:**

Name	Salary	Bonus	Perks	Others	Total
Dr. C. Satyanarayana	54,400,980	38,500,000	39,600	3,709,879	96,650,459
Dr. Raju S. Kalidindi	15,280,968	7,700,000	1,000,196	1,648,257	25,629,421
Mr. V. V. Ravi Kumar	15,130,968	7,700,000	985,047	2,344,706	26,160,721
Mr. Ch. Chandrakanth	5,485,002	1,189,206	337,295	778,545	7,790,048

b. **Non-Executive Directors:**

Non-Executive Directors are paid sitting fee of ₹ 50,000 for attending each meeting of the Board of Directors and each meeting of the Committee of Directors. Further, some of the Non-Executive Directors and Independent Directors are paid Commission as well, the details of which are provided below:

S. No.	Name of the Director	Commission/ ₹	Sitting Fee/ ₹
1.	Mr. Amal Ganguli	3,387,328	351,000
2.	Mr. Frank J. Wright	3,896,108	400,000
3.	Mr. Ramesh Subrahmanian	1,297,363	601,250
4.	Mrs. Aruna Rajendra Bhinge	1,478,589	753,000
5.	Dr. Rajesh Koshy Chandy	1,821,736	300,797

Nomination/Remuneration Policy:

The compensation of the Executive Directors comprises of fixed component, perquisites and performance based incentive and is determined based on the remuneration prevailing in the industry and the performance of the Company. The remuneration package of the Executive Directors is periodically reviewed and suitable revision is recommended to the Board by the Nomination and Remuneration Committee. The Board shall recommend the same for the approval of the Shareholders.

The nomination and remuneration policy as adopted by the Board is placed on the Company's website at:

http://www.lauruslabs.com/sites/all/themes/lauruslab//Investors/PDF/Policies/Remuneration_Policy.pdf

Performance evaluation criteria for independent directors:

The performance evaluation is done on an annual basis by the Nomination & Remuneration Committee and Board of Directors of the Company.

On the basis of the report of performance evaluation, it is determined by the Nomination and Remuneration Committee and Board whether to extend or continue the term of appointment of Independent Director subject to all other applicable provisions.

Independent Directors Meeting:

Schedule IV of the Companies Act, 2013 and the Rule there under mandate that the independent directors of the Company hold at least one meeting in a year, without the attendance of non-independent directors and members of the Management. It is recommended that all the independent directors of the Company be present at such meetings.

Independent Directors meeting was held on 10th March, 2017 and all independent directors except Mr. Amal Ganguli, attended the meeting.

Stakeholders' Relationship Committee:

The Stakeholders Relationship Committee is headed under the stewardship of Mr. Narendra Ostawal. The other members of the committee are Dr. Srihari Raju Kalidindi, Mr. V.V. Ravi Kumar and Mr. Ch. Chandrakanth.

CSR Committee:

The CSR Committee is headed by Mr. V V Ravi Kumar, the other members being Dr. Srihari Raju Kalidindi, Mr. Narendra Ostawal and Mrs. Aruna Rajendra Bhinge.

6. Shareholders

Annual General Meetings (AGM's):

Venue, date and time of the Last Three Annual General Meetings:

(i)	Financial Year	2013-14
	Date	25th July, 2014 – 11.00 AM
	Venue	Plot No. 21, Jawaharlal Nehru Pharma City, Parawada, Visakhapatnam – 531021, A.P.
	Special Resolution	Appointment of Mr. Amal Ganguli as Director who is liable to retire by rotation.
(ii).	Financial Year	2014-15
		31st July, 2015 – 11.00 AM
		Plot No. 21, Jawaharlal Nehru Pharma City, Parawada, Visakhapatnam – 531021, A.P.
	Special Resolution	1 Appointment of Mr. Amal Ganguli as Director who is liable to retire by rotation. 2. Re-Appointment of Dr. Chava Satyanarayana as Whole-time Director in the capacity and designation of Chief Executive Officer for a period of 5 years effective from 1st April 2015. 3. Re-Appointment of Dr. Kalidindi Srihari Raju as Whole-time Director in the capacity and designation of Executive Director for a period of 5 years effective from 1st April 2015. 4. Re-Appointment of Mr. Venkata Ravi Kumar Vantaram as Whole-time Director in the capacity and designation of Executive Director for a period of 5 years effective from 1st April 2015.
(iii)	Financial Year	2015-16
	Date	09th June, 2016 – 11.00 AM
	Venue	Plot No. 21, Jawaharlal Nehru Pharma City, Parawada, Visakhapatnam – 531021, A.P.
	Special Resolution	1. Creation of mortgages and/or charges on all or any of the assets and properties, immovable and movable, both present and future, including the undertaking of the Company over the aggregate of the paid-up capital and free reserves of Company up to ₹ 2,000 crores. 2. Borrowing of any sum or sums of money from time to time at their discretion, for the purpose of the business of the Company, may exceed at any time, the aggregate of the paid-up capital of the Company and its free reserves by a sum not exceeding ₹ 2,000 crores. 3. Approval of Employee Stock Option Scheme 2016

Means of Communication:

The quarterly reports, along with additional information and official news releases, are posted on our website www.lauruslabs.com. Moreover, the quarterly/ annual results and official news releases are generally published in Business Standard (English) and Prajasakthi (Telugu) newspapers.

Earnings calls with analysts and investors and their transcripts are also published on the website. Further, all material information which has any impact on the operations of the Company is sent to the Stock Exchanges and also the same shall be placed on the Company's website.

The Management Discussion and Analysis forms part of this Report and is provided separately in this Annual Report.

General Shareholder Information:

The 12th Annual General Meeting of the Company will be held at Oyster Hall, Waltair Club, Opposite Government Circuit House, Siripuram, Visakhapatnam – 530 003, Andhra Pradesh at 10.30 a.m. on Wednesday the 12th day of July, 2017.

The Financial Year of the Company is from 1st April to 31st March every year.

The Board of Directors have recommended a dividend of 15% (i.e.₹ 1.50/- per share) to the Shareholders. The dividend, if approved and declared by the Shareholders, shall be paid / credited on or after July 18, 2017 to all the shareholders of the Company who are in the Register of Members of the Company as on the date of Book Closure. Book closure for the purpose of AGM and Dividend will be from July 10, 2017 to July 12, 2017 (both days inclusive). Cut-off date for e-voting is July 7, 2017.

The Shares of the Company are listed on the following Stock Exchanges:

(i) BSE Limited, Phiroze Jeejeebhoy Towers, 25th Floor, Dalal Street, Mumbai-400001; and

(ii) National Stock Exchange of India Limited (NSE), Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai – 400051.

The listing fees for the financial year has been paid to the respective stock exchanges.

Stock code: BSE Limited: 540222, NSE: LAURUSLABS. International Subscribers Identification Number (ISIN) for the Company's Equity Shares is INE947Q01010

Depositories for Equity Shares: National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL).

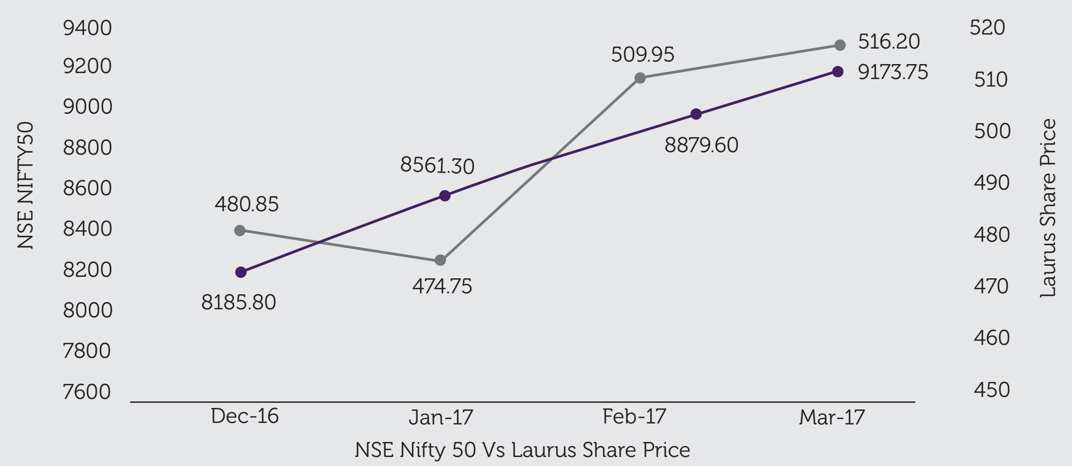
Market Price Data:

High, low market price during each month in the financial year and volume of shares traded on NSE:

	NSE				S&P CNX Nifty50		
Month	High	Low	Close	Volume	High	Low	Close
Dec 2016	498.90	452.20	480.85	2,60,13,228	8274.95	7893.80	8185.80
Jan 2017	499.70	462.80	474.75	36,05,034	8672.70	8133.80	8561.30
Feb 2017	585.00	467.00	509.95	95,48,861	8982.15	8537.50	8879.60
Mar 2017	539.80	496.30	516.20	28,09,940	9218.40	8860.10	9173.75

Chart given below shows the stock performance at closing prices in comparison to the broad-based index such as NSE Nifty 50.

NSE NIFTY 50 VS LAURUS SHARE PRICE



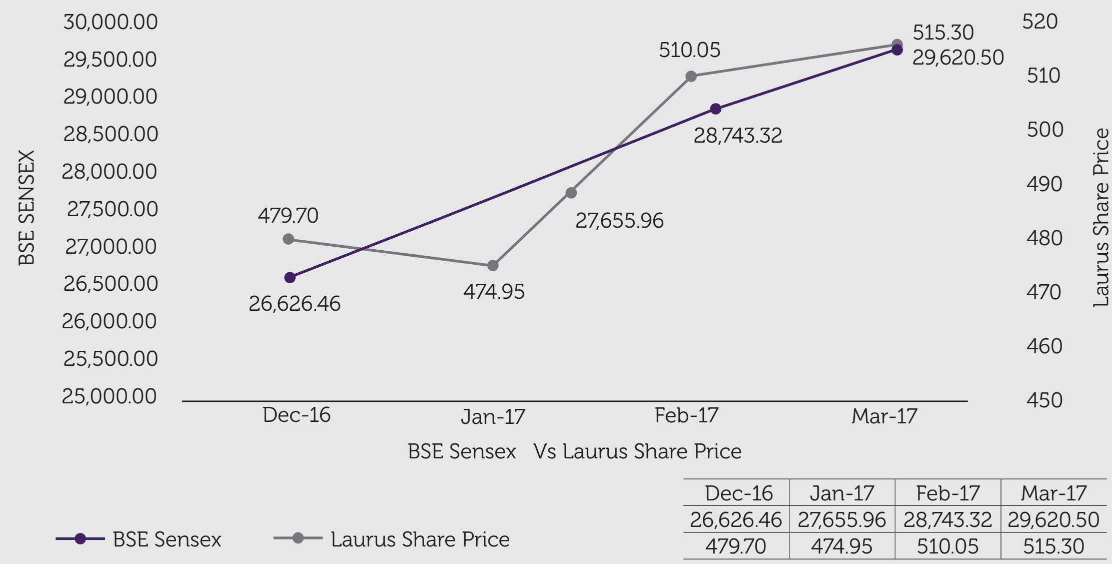
Dec-16	Jan-17	Feb-17	Mar-17
8185.80	8561.30	8879.60	9173.75
480.85	474.75	509.95	516.20

High, low market price during each month in the financial year and volume of shares traded on BSE:

	BSE				BSE Sensex		
Month	High	Low	Close	Volume	High	Low	Close
Dec 2016	498.60	453.00	479.70	62,39,069	26,803.76	25,753.74	26,626.46
Jan 2017	499.05	463.25	474.95	10,92,258	27,980.39	26,447.06	27,655.96
Feb 2017	585.00	468.00	510.05	19,37,654	29,065.31	27,590.10	28,743.32
Mar 2017	539.00	501.55	515.30	4,99,559	29,824.62	28,716.21	29,620.50

Chart given below shows the stock performance at closing prices in comparison to the broad-based index such as BSE Sensex.

BSE SENSEX VS LAURUS SHARE PRICE



Dec-16	Jan-17	Feb-17	Mar-17
26,626.46	27,655.96	28,743.32	29,620.50
479.70	474.95	510.05	515.30

There was no suspension of trading of securities of the Company during the year under review.

The Company's shares are transferable through the depository system. The Company has appointed Karvy Computershare Pvt Ltd. as its Registrars and Share Transfer Agents and also Depository Transfer Agent. Shares received for physical transfers are generally registered within a period of 15 days from the date of receipt of the valid and duly filled up transfer deeds. The Company has signed a tripartite agreement with NSDL/CDSL and Karvy to facilitate dematerialization of shares. The Members may contact for the redressal of their grievances to either Karvy or the Company Secretary of Laurus Labs Limited.

In respect of transfer of physical shares, Shareholders are advised to contact our Registrars:

Karvy Computershare Private Limited,
Selenium Tower B Plot No. 31-32,
Gachibowli Financial District,
Nanakramguda, Hyderabad,
Telangana, 500032.
Telephone:040 - 67162222
Fax: 040 - 23431551
Email: einward.ris@karvy.com
Website: www.karisma.karvy.com

Distribution of Shareholding as on March 31, 2017:

Category (No. of Shares)		No. of Share Holders	%	No. of Shares	%
1	500	55657	98.10	2473698	2.34
501	1000	372	0.65	301599	0.29
1001	2000	213	0.37	327896	0.31
2001	3000	85	0.10	222338	0.21
3001	4000	57	0.10	214589	0.20
4001	5000	39	0.08	183118	0.17
5001	10000	88	0.15	622606	0.59
10001 and above		213	0.37	101410405	95.89
Total		**56724**	**100**	**105756249**	**100**

Details of Shareholding in physical mode and electronic mode as on 31.03.2017:

S.No.	Description	No. of Holders	% of Shareholders	No. of Shares	% of Equity
1.	Physical	75	0.13	1798507	1.70
2.	CDSL	24394	43.00	2186901	2.06
3.	NSDL	32255	56.87	101770841	96.24

The Company has not issued any GDR/ADR and there are no outstanding warrants or any convertible instruments.

The Company has undertaken hedging activities for foreign exchange risk, whereas the Company has not undertaken any hedging for commodity price risk.

Location of Plants:

Unit 1

Plot No: 21, Jawaharlal Nehru Pharma City, Parawada, Visakhapatnam 531 021, Andhra Pradesh, India.

Unit 2

Plot No: 19,20,21; APSEZ, Gurajapalem, Atchutapuram, Visakhapatnam 531 011, Andhra Pradesh, India.

Unit 3

Plot No: 18, Jawaharlal Nehru Pharma City, Parawada, Visakhapatnam 531 021, Andhra Pradesh, India.

Unit 4

Plot No : 25, Lalamkoduru, Atchutapuram, Visakhapatnam 531011, Andhra Pradesh, India.

Unit 5

Plot No: 102 & 103, SEZ, Lemarthi, Parwada, Visakhapatnam 531 021, Andhra Pradesh, India.

Research & Development Centre

Plot No. DSI & DS2, IKP Knowledge Park, Turkapally, Shameerpet, Hyderabad 500 078, Telangana, India.

Address for correspondence:

Registered Office: Plot No.21, Jawaharlal Nehru Pharma City, Parawada, Visakhapatnam 531 021, Andhra Pradesh, India.

Corporate Office: 2nd Floor, Serene Chambers, Road No. 7, Banjara Hills, Hyderabad 500 034, Telangana, India.

Other Disclosures:

Related Party transactions:

No transaction of material nature has been entered into by the Company with its Directors/management and their relatives etc. that may have a potential conflict with the interest of the Company. Only one related party transaction that was approved by the Board in its meeting held on April 19, 2017 is relating to the appointment of Mr. Krishna Chaitanya Chava as Asst. Vice President (Corporate Development), who is the son of Dr. Satyanarayana Chava, CEO of the Company is being placed before the members for their approval in terms of Sec.188 of the Companies Act, 2013. The Register of Contracts containing transactions, in which Directors are interested, is placed before the Board regularly.

Transactions with Related Parties are disclosed in the Notes to Accounts in the Annual Report.

In terms of SEBI (LODR) Regulations 2015, the Audit Committee and Board of Directors of the Company have adopted a policy to determine the related party transactions. The policy is placed on the Company's website at http://www.lauruslabs.com/sites/all/themes/lauruslab//Investors/PDF/Policies/Related_Party_Transactions_Policy.pdf

Details of Non-compliances and penalties:

There were no instances of non-compliance or penalties/strictures by the stock exchanges/SEBI/statutory authorities on any matter related to capital markets during the last three years.

Vigil mechanism:

The Board of Directors of the Company had adopted the Whistle Blower policy. The Company has established a mechanism for employees and Directors to report to the management, concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of conduct etc. The employees have been appropriately communicated within the organization about the mechanism and have been provided direct access to the Chairman of the Audit Committee. The mechanism also lays emphasis on making enquiry into whistle blower complaint received by the Company. The Audit Committee reviews periodically the functioning of the whistle blower mechanism. No employee has been denied access to the Audit Committee. A copy of the Whistle Blower Policy is hosted on the Company's website at http://www.lauruslabs.com/sites/all/themes/lauruslab//Investors/PDF/Policies/Whistle_Blower_Policy.pdf

Details of compliance with mandatory requirements and adoption of the non-mandatory requirements:

The Company has complied with all the mandatory requirements of Corporate Governance as per SEBI (LODR) Regulations, 2015 and is in the process of implementing the non-mandatory requirements.

Policy on material subsidiaries:

In terms of the SEBI (LODR) Regulations, 2015, the Board of Directors of the Company has adopted a policy with regard to determination of material subsidiaries. The policy is placed on the Company's website at http://www.lauruslabs.com/sites/all/themes/lauruslab//Investors/PDF/Policies/Policy_on_Materiality_of_Subsidiaries.pdf

Non-compliance of any requirements of corporate governance report of sub-paras (2) to (10) of Schedule V

The Company has complied with the requirement of corporate governance report of sub-paras (2) to (10) of Schedule V of the SEBI (LODR) Regulations, 2015.

Adoption of discretionary requirements as specified in Part E of Schedule II of SEBI (LODR) Regulations, 2015

With regard to discretionary requirements, the Company has adopted clauses relating to the following:

Separate persons were appointed for the post of the Chairman and the CEO. The financial statements of the Company so far have an unmodified audit opinion. Internal auditors report directly to the Audit Committee.

The disclosures of the compliance with Corporate Governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 are as follows:

Regulation	Particulars of Regulations	Compliance Status Yes/No
17	Board of Directors	Yes
18	Audit Committee	Yes
19	Nomination and Remuneration Committee	Yes
20	Stakeholders Relationship Committee	Yes
21	Risk Management Committee	Yes
22	Vigil Mechanism	Yes
23	Related Party Transactions	Yes
24	Corporate Governance requirements with respect to subsidiary of listed entity	Yes
25	Obligations with respect to Independent Directors	Yes
26	Obligations with respect to Directors and Senior Management	Yes
27	Other Corporate Governance requirements	Yes
46 (2)(b) to (i)	Functional Website	Yes

Code of Conduct:

In compliance with Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and the Companies Act, 2013, the Company has framed and adopted a Code of Conduct policy. The Code is applicable to the members of the Board, the executive officers and all employees of the Company and its subsidiaries. The Code is available on our website http://www.lauruslabs.com/sites/all/themes/lauruslab//Investors/PDF/Policies/Code_of_Conduct_Policy.pdf

All members of the Board, the executive officers and senior financial officers have affirmed compliance to the Code as on March 31, 2017.

Prevention of Insider Trading:

The Company has adopted an Insider trading Policy to regulate, monitor and report trading by insiders under the SEBI (Prohibition of Insider Trading) Regulations, 2015. This policy includes practices and procedures for fair disclosure of unpublished price-sensitive information, initial and continual disclosure. The Board reviews the policy on a need basis. The policy is available on our website

http://www.lauruslabs.com/sites/all/themes/lauruslab//Investors/PDF/Policies/Code_for_Prohibition_of_Insider_Trading.pdf.

CEO and CFO Certification:

As required by SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the CEO & CFO certification is provided in this Annual Report.

Auditors' Certificate on Corporate Governance

As required by Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Certificate on Corporate Governance issued by practising Company Secretary is annexed to the Board's report.

Declaration

I, Satyanarayana Chava, Chief Executive Officer, hereby declare that as provided under SEBI (LODR) Regulations, 2015, the Board Members and the senior management personnel have confirmed compliance with the Code of Conduct for the year ended March 31, 2017.

For Laurus Labs Limited

Dr. Satyanarayana Chava
Chief Executive Officer

Place: Hyderabad
Date: May 18, 2017

CEO & CFO Declaration

Date: 11 May 2017

To
The Board of Directors
Laurus Labs Limited

We, Dr. C. Satyanarayana, CEO and V. V. Ravi Kumar, CFO hereby certify as under:

A. We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2017 and that to the best of our knowledge and belief:

   (1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   (2) These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.

B. To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March 2017 are fraudulent, illegal or violative of the Company's Code of Conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.

D. (1) There has not been any significant changes in internal control over financial reporting during the year;

   (2) There has not been any significant changes in accounting policies during the year requiring disclosure in the notes to the financial statements; and

   (3) We are not aware of any instances during the year of significant fraud with involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Thanking you,

For Laurus Labs Limited	For Laurus Labs Limited
Dr. C. Satyanarayana	**V. V. Ravi Kumar**
Chief Executive Officer	Chief Financial Officer

Certificate on Corporate Governance

To
The Members of
M/s. LAURUS LABS LIMITED
Plot No.21, Jawaharlal Nehru Pharma City,
Parawada, Visakhapatnam, Andhra Pradesh – 531021.

We have examined the compliance conditions of Corporate Governance by M/s. Laurus Labs Limited for the financial year ended 31st March, 2017, as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["SEBI (LODR) Regulations, 2015"] and the Uniform Listing Agreement entered between the Company and Stock Exchanges.

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

In our opinion and to the best of our knowledge and according to the explanations given to us, we certify that the Company has complied with the conditions of applicable Corporate Governance as stipulated in the above mentioned SEBI (LODR) Regulations, 2015 and the Uniform Listing Agreement from 19th December, 2016 (date on which the equity shares are listed with stock exchanges) to 31st March, 2017.

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

For RPR & ASSOCIATES
Company Secretaries

Place: Hyderabad
Dated: 05th May, 2017

Y. Ravi Prasada Reddy
Proprietor, FCS No.5783, CP No.5360

Auditor Certificate on ESOP Scheme

Independent Auditor's Report on the Employees Stock Option Scheme 2011 and 2016, as required by the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014

The Board of Directors
Laurus Labs Limited,
2nd floor, Serene Chambers,
Road No. 7, Banjara Hills,
Hyderabad – 500034.

1. This Report is issued in accordance with the terms of our service scope letter dated February 15, 2017 and master engagement agreement December 22, 2016 with Laurus Labs Limited (hereinafter the "Company").

2. As requested, we have examined the employee stock option schemes of the Company, namely, Laurus Employees Stock Option Scheme (ESOP) 2011 which was approved by the Board of Directors of the Company on October 6, 2011 [originally approved and named as Aptuit Laurus Employees Stock Option Scheme (ESOP) 2008 in the meeting of the board of directors held on August 14, 2008]; and Laurus Employees Stock Option Scheme (ESOP) 2016 which was approved by the board of directors of the Company on April 29, 2016, to determine whether the Schemes have been implemented in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014¬ (the "SEBI Regulations") and in accordance with the resolutions of the Company passed in the general meetings. We understand that this Certificate is required to be placed by the Company at its ensuing Annual General Meeting to be held on July 12, 2017, relevant for the year ended March 31, 2017, in accordance with the requirements of Regulation 13 of the SEBI Regulations in respect of the Schemes.

Management's Responsibility

3. Management is responsible for:
   i. Maintaining the information and documents, which are required to be kept and maintained under the relevant laws and regulations
   ii. Implementing the Schemes in accordance with the SEBI Regulations and the resolutions passed at the general meeting of the Company
   iii. Establishing and maintaining effective internal control for properly recording the information related to the schemes in the records maintained by the Company.

Auditor's Responsibility

4. Pursuant to this, our responsibility is to express reasonable assurance in the form of an opinion whether the Company has implemented the Schemes in accordance with the SEBI Regulations and in accordance with the resolutions of the Company passed in the general meetings.

5. A reasonable assurance engagement includes performing procedures to obtain sufficient appropriate audit evidence on the reporting criteria. In this connection, we have performed the following procedures:
   i. Read the copies of the Schemes, provided to us by the Company, to examine the compliance by the Company with the provisions of the SEBI Regulations.
   ii. Read the shareholders' resolution passed in the Extra-Ordinary General Meeting and Annual General Meeting held on September 24, 2008 and June 09, 2016 noting the approval accorded by the Company to issue employee stock options to the employees of the Company.
   iii. Obtained necessary representations from management.

6. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on our examination, as above, in our opinion, the Company has implemented the Schemes in accordance with the SEBI Regulations and in accordance with the resolutions of the Company passed in general meetings.

Restriction on use

9. This report is intended solely for your information and in connection with the purpose mentioned in Paragraph 2 above, and is not to be used or referred to for any other purpose or distributed to anyone. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

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: May 18, 2017

Business Responsibility Report

Overview:

Laurus Labs strives for innovation to enhance quality and to provide affordable integrated pharmaceutical solutions to facilitate wellness and wellbeing across the globe. One Quality for all the Markets is the philosophy under which the Company operates its businesses. The Company strives to seek greater alignment between its stakeholders to generate value in the long term.

Section A: General Information about the Company

1.	Corporate Identity Number (CIN) of the Company	L24239AP2005PLC047518
2.	Name of the Company	Laurus Labs Limited
3.	Company Address	Registered Office: Plot No. 21, Jawaharlal Nehru Pharma City, Parawada, Visakhapatnam – 531 021, Andhra Pradesh, India Corporate Office: 2nd Floor, Serene Chambers, Road No. 7, Banjara Hills, Hyderabad - 500 034, Telangana, India
4.	Website	www.lauruslabs.com
5.	E-mail ID	secretarial@lauruslabs.com
6.	Financial year reported	April 1, 2016 to March 31, 2017
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	NIC Code of product/service:21001/21002 Description: Manufacturing of active pharmaceutical ingredients
8.	List of three key products/services that the Company manufactures/provides (as in balance sheet)	Laurus manufactures Active Pharmaceutical Ingredients (API) for anti-retroviral, oncology, cardio vascular, diabetic and hypertension, nutraceutical and other products. Key Products: Efavirenz, Tenofovir (TDF), Gemcitabine
9.	Total number of locations where business activity is undertaken by the Company	There are four manufacturing facilities and one R&D Centre. One more manufacturing facility is under construction. Laurus Synthesis Inc., an US Subsidiary of the Company has office and R& D Centre at Boston, USA. Sriam Laboratories Pvt Ltd., another subsidiary, has two manufacturing facilities.
10.	Markets served by the Company – Local/state/national/ international	The Company, in addition to marketing its products domestically, also markets its products globally over 55 countries. Around 37% of sales are generated from international markets.

Section B: Financial details of the Company:

1.	Paid up Capital	₹ 1,057.56 Million
2.	Total Turnover	Gross turnover of ₹ 19,183 Million on standalone basis.
3.	Total Profit After Tax	₹ 2,026 Million on standalone basis.
4.	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	CSR spend during the financial year 2015-16 was ₹ 41 Million (3.3% of last three years average Profit After Tax on standalone basis)
5.	List of activities in which the expenditure in 4 above has been incurred	› Education › Health › Sanitation › Rural sports promotion, environmental sustainability, rural development etc.

Section C: Other Details:

1.	Does the Company have any subsidiary Company/ companies	Yes, the Company has two subsidiaries, one located in India and another one in United States of America
2.	Do the subsidiary company/ companies participate in the BR initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	The parent company undertakes majority of the BR initiatives
3.	Do any other entity/entities (eg. Suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities.	Entities like suppliers, distributors did not participate in the Company BR initiatives in the reporting period.

Section D: BR Information:

1. Details of Director responsible for BR	a. Details of the Director responsible for implementation of the BR policies: Particulars — Details DIN Number — 00211921 Name — Dr. Satyanarayana Chava Designation — Chief Executive Officer Telephone No. — 040-39804333 E-mail ID — secretarial@lauruslabs.com b. Details of the BR head: Same as above

2. Principle-wise (as per NVGs) BR Policy/policies
Details of Compliance:

S.No.	Questions	Ethics	Product Lifecycle Sustainability *	Employees wellbeing	Stakeholders engagement	Human rights	Environment	Policy advocacy	Community Development (CSR)	Customer Value
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have policies for	Yes	No	Yes	No formal policy yet	No formal policy yet	Yes	No	Yes	No
2	Has the policy being formulated in consultation with the relevant stakeholders?	Yes	N.A.	Yes	NA	NA	Yes	NA	Yes	N.A.
3	Does the policy conform to any national/international standards? If yes, specify.	Yes	N.A.	Yes	NA	NA	Yes**	NA	Yes	N.A.
4	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/ appropriate Board Director?	Yes	N.A.	Yes	NA	NA	Yes	NA	Yes	N.A.
5	Does the Company have a specified committee of the Board/ Director/official to oversee the implementation of the policy	Yes	N.A.	Yes	NA	NA	Yes	NA	Yes	N.A.
6	Indicate the link for the policy to be viewed on-line	www. lauruslabs. com	N.A.	Intranet	NA	NA	Intranet	NA	www.laurus labs.com	N.A.
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes	N.A.	Yes	NA	NA	Yes	NA	Yes	N.A.
8	Does the Company have in-house structure to implement the policies?	Yes	N.A.	Yes	NA	NA	Yes	NA	Yes	N.A.
9	Does the Company have a grievance redressal mechanism related to the policies to address stakeholders' grievances related to the policies?	Yes	N.A.	Yes	NA	NA	Yes	NA	Yes	N.A.
10	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	No	N.A.	Yes	NA	NA	Yes	NA	Yes	N.A.

The policies are framed as per the national standards applicable to India.

* Definition Product Lifecycle Sustainability: It is an approach to managing the stages of – product existence so that any negative impact on the environment is minimized. Although we have done Life Cycle Assessment) for Curcumin and Resvertrol carried out, no policy in place.

**Policy is in line with ISO 14001 international standards

3. **Governance related to BR**
    a. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company **To be Reviewed Annually.**

    b. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published? **This is the first Business Responsibility Report of the Company and is part of the Annual Report for the financial year 2016-17.**

Section-E :Principle-wise Performance:

Principle-1 – Ethics

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the group/joint ventures/suppliers/contractors/NGOs/ others?

    The Company is committed to building a strong ethical organization. Currently, the policy relating to ethics, bribery and corruption cover only the Company. However, the Company has adopted a Code of Conduct policy which is applicable to all supervisory, executive and managerial employees of the Company including the board members and also covers subsidiaries as well but not extended to others vendors/others.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?

    The Company has received 206 investor complaints all of which relate to their subscription in the Initial Public Offering of Securities (IPO) of the Company and all of them have been resolved satisfactorily and no complaint is pending for resolution as on March 31, 2017.

Principle-2 – Product Life Cycle Sustainability:

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

    Carbon footprint study carried out for two of nature identical products Curcumin and Resveratrol.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional)

    Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?

    Reduction during usage by consumers (energy, water) has been achieved since the previous year?

3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof.

    The Company has laid down standard operating procedures for the selection of its vendors and approving the same for sourcing of materials. We did natural products sourcing using Nogoyaprotocol and Biodiversity Act.

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

    The Company needs to follow certain procedures in terms of sourcing of materials and based on the availability preference will be given for the domestic sources. Contract workmen were engaged from the local community.

5. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste? Also, provide details thereof, in about 50 words or so.

    Yes, the Company has a mechanism to recycle or dispose waste materials. The solvents are recovered and reused wherever possible in the process.

Principle-3 – Employee Wellbeing:

1. Please indicate the total number of employees **2660**

2. Please indicate the total number of employees hired on temporary/contractual/casual basis **2219**

3. Please indicate the number of permanent women employees. **212**

4. Please indicate the number of permanent employees with disabilities. **Nil**

5. Do you have an employee association that is recognized by the management **No**

6. What percentage of your permanent employees is member of this recognized employee association? **Not applicable**

7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.
Nil

8. What percentage of your under-mentioned employees were given safety & skill up-gradation training in the last year?

	R&D (%)	U-1 (%)	U-2 (%)	U-3 (%)	U-5 (%)	Total %
Permanent employees	85	80	51	100	100	83.2
Permanent women employees	80	81	100	100	100	92.2
Casual/ Temporary/ Contractual employees	100	61	99	100	100	92.0
Employees with disabilities	NA	NA	NA	NA	NA	NA

Principle-4 – Stakeholders engagement

1. Has the Company mapped its internal and external stakeholders? **Yes**

2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders? **Yes**

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so. **The Company implements all special protection rights such as Whistle blower mechanism, minority shareholders' rights etc. and implements all Corporate Governance Practices with highest standards so that all stakeholders gets their due share of benefits**.

Principle-5 – Human Rights

1. Does the policy of the Company on human rights cover only the Company or extend to the group/joint ventures/suppliers/contractors/NGOs/ others?

   The Company is yet to implement the formal policy.

2. How many stakeholder complaints have been received in the past financial year and what per cent was satisfactorily resolved by the management? **Nil**

Principle 6 – Environment

1. Does the policy cover only the Company or extends to the group/joint ventures/suppliers/ contractors/NGOs/others?

   The Company and its subsidiaries.

2. Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warning, etc.?

   Few assessments conducted for carbon foot print study. As part of the global warming and climate change, Company complies with avoiding use of ozone depleting chemicals CTC, EDC, CFC etc.

3. Does the Company identify and assess potential environmental risks?

   Yes. Now products are introduced after proper HAZOP and environmental impact assessment.

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so? **No**

5. Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy etc.?

   Yes. To minimize power usage LED lights have been used and more efficient agitators have been used.

6. Are the emissions/waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported? **Yes.**

7. Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as at the end of the financial years. **Nil**

Principle-7 – Policy advocacy

1. Is your company a member of any trade and chamber of association? If yes, Name only those major ones that your business deals with. **The Company is a member in –**
   Confederation of Indian Industry
   Pharmaceuticals Export Promotion Council of India

The Federation of TG and AP Chambers of Commerce& Industry (FTAPCCI)
Bulk Drugs Manufacturers Association
JNPC Manufacturers Association
The Associated Chambers of Commerce & Industry of India
Indo American Chamber of Commerce, Hyderabad

2. Have you advocated/lobbied through above associates for the advancement or improvement of public good? Yes/No; if yes, specify the broad areas.

   No, but the Company implements various CSR activities for the advancement or improvement of public good.

Principle-8 – Community Development (CSR)

1. Does the company have specified programs/ initiatives/projects in pursuit of this policy? If yes, details thereof.

   Promoting Education, Health and sanitation.
   The Company collaborated with Universities for providing practical training as part of curriculum in M.Sc course.

2. Are the programs/projects undertaken through in-house team/own foundation/ external NGO/ government structures/any other organization? In-house team

3. Have you done any impact assessment of your initiative? Yes.

4. What is your Company's direct contribution to community development projects – amount and details of the projects undertaken? ₹ 41 million

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Yes

Principle-9 – Customer value

1. What percentage of customer complaints/ consumer cases are pending as on the end of the financial year? Nil

2. Does the Company display product information on the product label, over and above what is mandated as per local laws?

   Based on specific customer requirement

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of the financial year? Nil

4. Did your Company carry out any consumer survey/consumer satisfaction trends? No

Independent Auditor's Report

To the Members of
Laurus Labs Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Laurus Labs Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (together hereinafter referred to as "standalone Ind AS financial statements").

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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS)specified under section 133 of the Act., read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 Ind AS 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 Ind AS 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 of the standalone Ind AS financial statements 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 standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone Ind AS 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, 2017, its profit including other comprehensive income, its cash flows and the changes in equity 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 including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of written representations received from the directors as on March 31, 2017, except in case of one director who is no more, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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;

(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 Ind AS financial statements – Refer Note 43c (iii) and (iv) to the standalone Ind AS financial statements;

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

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

iv. The Company has provided requisite disclosures in Note 46 to these standalone Ind AS financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced to us 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: May 18, 2017

Annexure to the Auditor's Report

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

Re: Laurus Labs 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) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the company.

(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 within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under 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) The Company is regular in depositing with appropriate authorities 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 statutory dues applicable to it.

(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 (₹ in million)	Amount paid under dispute (₹ in million)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Disallowance of deduction under Section 10A of the Income Tax Act, 1961.	10.10	7.05	AY 2008-09	Honorable High Court of Karnataka.
The Income Tax Act, 1961	Disallowance of expenditure under the Income Tax Act, 1961.	Nil *	Nil	AY 2011-12	Commissioner of Income Tax (Appeals), Hyderabad.

Name of the statute	Nature of dues	Amount (₹ in million)	Amount paid under dispute (₹ in million)	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994	Disallowance of Service tax credit and penalty	99.78	3.74	2010-2015	
		0.54	Nil	2008-09	Customs, Excise and Service tax Appellate Tribunal, Hyderabad.
Central Excise Act, 1944	Disallowance of CENVAT credit	0.71	Nil	Apr '12 to Jun '12	
APVAT Act, 2005	Disallowance of Input VAT credit and penalty	4.80	Nil	2006-07, 2007-08	HonorableHigh Court of Telangana and Andhra Pradesh.
		4.68	Nil	2013-14	Sales Tax and VAT Appellate Tribunal, Telangana.
		2.78	Nil	2015-16	Appellate Deputy Commissioner, Hyderabad.

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

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to banks. There are no dues which are payable to financial institutions or debenture holders or government.

(ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of initial public offer in the nature of equity instruments and also term loans availed from banks for the purposes for which they were raised.

(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 the officers and employees of the Company has been noticed or reported during the year.

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

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

(xiii) According to the information and explanations given by 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 and hence, reporting requirements under clause 3(xiv) are not applicable to the company and hence not commented upon.

(xv) 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 as referred to in section 192 of Companies Act, 2013.

(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: May 18, 2017

Annexure 2 to the Independent Auditor's Report of Even Date on the Standalone Financial Statements of Laurus Labs Limited

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 Limited

We have audited the internal financial controls over financial reporting of Laurus Labs Limited ("the Company") as of March 31, 2017 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 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, 2017, 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: May 18, 2017

Balance Sheet

as at March 31, 2017

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

	Notes	March 31, 2017	March 31, 2016	April 01, 2015
Assets				
Non Current Assets				
Property, plant and equipment	3	11,295.59	10,075.65	7,341.66
Capital work in progress	3	1,432.56	696.00	1,072.54
Intangible assets	4	72.42	63.88	61.15
Investments in subsidiaries and associate	5	471.20	261.24	191.11
Financial assets				
Investments	6A	27.30	-	-
Loans	6B	98.16	67.64	39.11
Deposits and others	6C	44.22	7.66	81.31
Other non-current assets	7	502.75	590.12	569.62
Non-current tax assets	16	7.05	7.44	7.44
Deferred tax assets (Net)	8	634.61	548.70	537.87
		14,585.86	**12,318.33**	**9,901.81**
Current Assets				
Inventories	9	5,009.28	4,870.93	4,754.96
Financial assets				
Loans	6B	32.77	7.16	7.23
Trade receivables	10	5,619.56	4,437.01	2,850.45
Cash & cash equivalents	11A	7.49	89.54	362.08
Bank balances other than above	11B	16.68	159.68	202.08
Deposits and others	6C	26.81	-	85.38
Other current assets	7	706.28	405.61	305.55
		11,418.87	**9,969.93**	**8,567.73**
Total Assets		**26,004.73**	**22,288.26**	**18,469.54**
Equity and Liabilities				
Equity				
Equity share capital	12	1,057.56	823.80	821.25
Other equity		12,524.27	7,899.94	6,439.05
Total Equity		**13,581.83**	**8,723.74**	**7,260.30**
Non Current Liabilities				
Financial liabilities				
Borrowings	14A	1,002.10	4,597.40	3,020.39
Provisions	15	87.38	67.71	51.26
Other non-current liabilities	17	630.72	164.66	154.30
		1,720.20	**4,829.77**	**3,225.95**
Current Liabilities				
Financial liabilities				
Borrowings	14B	6,150.58	4,682.19	4,316.35
Trade payables	14C	2,505.95	2,507.60	2,300.74
Current maturities and other liabilities	14D	1,272.90	1,239.02	1,230.81
Provisions	15	99.27	76.52	54.52
Current tax liabilities	16	91.76	60.10	37.52
Other current liabilities	17	582.24	169.32	43.35
		10,702.70	**8,734.75**	**7,983.29**
Total Equity and Liabilities		**26,004.73**	**22,288.26**	**18,469.54**
Summary of significant accounting policies	2.2			

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

For and on behalf of the Board of Directors
LAURUS LABS LIMITED (formerly known as Laurus Labs Private Limited)

per Vikas Kumar Pansari
Partner
Membership No. 093649

Dr. C.Satyanarayana
Whole Time Director & Chief Executive Officer
DIN: 00211921

V.V.Ravi Kumar
Executive Director & Chief Financial Officer
DIN: 01424180

Place: Hyderabad
Date: May 18, 2017

Place: Hyderabad
Date: May 18, 2017

G.Venkateswar Reddy
Company Secretary

Statement of Profit and Loss
for the year ended March 31, 2017

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

		Notes	For the year ended March 31, 2017	For the year ended March 31, 2016
I.	**Income**			
	Revenue from Operations (Gross)	18	19,183.17	18,080.50
	Other Income	19	304.59	19.12
	Total Revenue (I)		19,487.76	18,099.62
II.	**Expenses**			
	Cost of Materials Consumed	20	10,156.83	10,145.06
	Purchase of Traded Goods		129.60	149.50
	Increase in Inventories of Finished Goods and Work-in-Progress	21	(360.79)	(250.78)
	Excise duty on sale of goods		263.94	334.08
	Employee Benefits Expenses	22	2,176.88	1,699.86
	Other Expenses	23	2,660.63	2,282.40
	Total Expenses (II)		15,027.09	14,360.12
III.	**Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) (I-II)**		4,460.67	3,739.50
	Depreciation and Amortisation	3 & 4	1,029.53	857.88
	Finance Income	24A	(14.85)	(24.34)
	Finance Expenses	24B	969.73	1,110.41
IV.	**Profit Before Tax**		2,476.26	1,795.55
V.	**Tax Expense**	28		
	Current tax		533.09	380.64
	Adjustment of current tax relating to earlier years		-	(25.04)
	Deferred tax credit		(66.65)	(31.61)
	Adjustment of deferred tax relating to earlier years		(15.83)	25.04
	Total tax expense		450.61	349.03
VI.	**Profit for the year**		2,025.65	1,446.52
	Other Comprehensive Income (OCI)	25		
	Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
	Re-measurement loss on employee defined benefit plans		(9.92)	(12.32)
	Deferred tax credit		3.43	4.26
	Total other comprehensive income for the year, net of tax		(6.49)	(8.06)
	Total comprehensive income for the year, net of tax		2,019.16	1,438.46
	Earnings Per Equity Share ₹ 10/- each fully paid (March 31, 2016: ₹ 10/- each fully paid)	26		
	Computed on the basis of total profit for the year			
	Basic (₹)		22.14	23.12
	Diluted (₹)		20.00	14.70
	Summary of Significant Accounting Policies	2.2		

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

For and on behalf of the Board of Directors
LAURUS LABS LIMITED (formerly known as Laurus Labs Private Limited)

per Vikas Kumar Pansari
Partner
Membership No. 093649

Dr. C.Satyanarayana
Whole Time Director & Chief Executive Officer
DIN: 00211921

V.V.Ravi Kumar
Executive Director & Chief Financial Officer
DIN: 01424180

Place: Hyderabad
Date: May 18, 2017

Place: Hyderabad
Date: May 18, 2017

G.Venkateswar Reddy
Company Secretary

Statement of Changes in Equity

for the year ended March 31, 2017

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

a. Equity Share Capital

Equity Shares of ₹10 Each, Fully paid up	No.	₹
As at April 01, 2015	15,511,880	155.12
Issued during the year	255,375	2.55
As at March 31, 2016	15,767,255	157.67
Issued during the year - ESOP	118,500	1.19
Converted from preference shares to equity shares	8,889,846	88.90
Issue of bonus shares	73,971,303	739.71
Issue of equity shares - IPO	7,009,345	70.09
As at March 31, 2017	105,756,249	1,057.56
0.001% Compulsorily Convertible Participatory Cumulative Preference Shares - Series A of ₹ 10/- each fully paid up	No.	₹
As at April 01, 2015	2,259,060	22.59
As at March 31, 2016	2,259,060	22.59
Converted during the year	(2,259,060)	(22.59)
As at March 31, 2017	-	-
0.001% Compulsorily Convertible Participatory Cumulative Preference shares - Series B of ₹ 243/- each fully paid up	No.	₹
As at April 01, 2015	2,477,387	602.01
As at March 31, 2016	2,477,387	602.01
Converted during the year	(2,477,387)	(602.01)
As at March 31, 2017	-	-
0.001% Compulsorily Convertible Participatory Cumulative Preference Shares - Series C of ₹ 10/- each fully paid up	No.	₹
As at April 01, 2015	4,153,399	41.53
As at March 31, 2016	4,153,399	41.53
Converted during the year	(4,153,399)	(41.53)
As at March 31, 2017	-	-

b. Other Equity

	Reserves and surplus				Total
	Capital reserve	Securities Premium	Share based payments reserve	Retained Earnings	
As at April 01, 2015	17.92	4,045.63	29.45	2,346.05	6,439.05
Profit for the year	-	-	-	1,446.52	1,446.52
Other Comprehensive Income (Refer note 25)	-	-	-	(8.06)	(8.06)
Total Comprehensive Income	17.92	4,045.63	29.45	3,784.51	7,877.51
Transferred from Stock Options Outstanding	-	25.30	(25.30)	-	-
Expense arising from equity-settled share-based payment transactions	-	-	22.43	-	22.43
At March 31, 2016	17.92	4,070.93	26.58	3,784.51	7,899.94
Profit for the year	-	-	-	2,025.65	2,025.65
Other Comprehensive Income (Refer note 25)	-	-	-	(6.49)	(6.49)
Total Comprehensive Income	17.92	4,070.93	26.58	5,803.67	9,919.10
Transferred from Stock Options Outstanding	-	5.94	(5.94)	-	-
Expense arising from equity-settled share-based payment transactions	-	-	37.89	-	37.89
- Premium on conversion of CCPS	-	577.23	-	-	577.23
- Premium on IPO Allotment (net of share issue expenses) (Note 45)	-	2,789.15	-	-	2,789.15
- Issue of Bonus shares	-	(739.71)	-	-	(739.71)
Final dividend to equity and preference shareholders					

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

b. Other Equity (Contd.)

	Reserves and surplus				
	Capital reserve	Securities Premium	Share based payments reserve	Retained Earnings	Total
- Final dividend on equity shares (Refer Note 12.2)	-	-	-	(31.53)	(31.53)
- Tax on final dividend on equity shares	-	-	-	(6.42)	(6.42)
- Final dividend on CCPCPS - Series A, Series B and Series C (Refer Note 12.3)	-	-	-	(17.81)	(17.81)
- Tax on final dividend on CCPCPS - Series A, Series B and Series C	-	-	-	(3.63)	(3.63)
As at March 31, 2017	17.92	6,703.54	58.53	5,744.28	12,524.27

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: May 18, 2017

For and on behalf of the Board of Directors
LAURUS LABS LIMITED (formerly known as Laurus Labs Private Limited)

Dr. C.Satyanarayana
Whole Time Director & Chief Executive Officer
DIN: 00211921

Place: Hyderabad
Date: May 18, 2017

V.V.Ravi Kumar
Executive Director & Chief Financial Officer
DIN: 01424180

G.Venkateswar Reddy
Company Secretary

Statement of Cash Flows

for year ended March 31, 2017

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

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Profit before tax	2,476.26	1,795 .55
Cash flows from operating activities		
Adjustments for :		
Depreciation of property, plant and equipment	1,004.96	838.91
Amortisation of intangible assets	24.57	18.97
Loss on sale of fixed assets (net)	4.38	2.98
Interest income	(14.85)	(24.34)
Interest expenses	903.31	1,037.49
Share based payment expense	37.89	22.43
Net loss/ (gain) on foreign exchange fluctuations (unrealised)	(52.74)	35.15
Advances and bad debts written off (Net)	-	18.86
Allowance for/ (Reversal of) bad and doubtful advances and receivables	37.25	(5.32)
Profit on sale of investment	(3.00)	-
(Reversal of)/ allowance for insurance claim receivable	(26.81)	29.85
Gratuity and compensated absences	32.50	26.13
Operating profit before working capital changes	**4,423.72**	**3,796.66**
Movement in working capital:		
Increase in inventories	(138.36)	(115.96)
Increase in trade receivables	(1,227.93)	(1,602.60)
Increase in financial and non-financial assets	(370.95)	(135.76)
Increase in trade payables	44.47	221.27
Increase in financial, non-financial liabilities and provisions	970.70	141.11
Cash generated from operations	**3,701.65**	**2,304.72**
Income tax paid	(501.06)	(333.03)
Net cash flows from operating activities (A)	**3,200.59**	**1,971.69**
Cash flows used in investing activities		
Purchase of property, plant and equipment, including intangible assets, capital work in progress and capital advances	(2,697.45)	(3,221.99)
Proceeds from sale of property, plant and equipment	0.93	5.67
Proceeds from sale of investments in deposits	106.43	116.06
Purchase of financial instruments (Investments)	(27.30)	-
Acquisition of subsidiary	(209.96)	(70.13)
Disposal of subsidiary	3.00	-
Interest received	14.85	24.34
Net cash flows used in investing activities (B)	**(2,809.50)**	**(3,146.05)**
Net cash flows (used in)/ from financing activities		
Proceeds from issue of equity shares (net of share issue expenses: ₹ 137.86 (March 31, 2016: ₹ Nil))	2,860.43	2.55
Repayment of long - term borrowings	(4,360.33)	(1,330.50)
Proceeds from long - term borrowings	572.56	2,898.24
Proceeds from short - term borrowings (net)	1,436.00	363.45
Dividend paid	(49.34)	-
Tax on dividend	(10.05)	-
Interest paid	(922.41)	(1,031.92)
Net cash flows (used in)/from financing activities (C)	**(473.14)**	**901.82**

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

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Net decrease in cash and cash equivalents (A+B+C)	(82.05)	(272.54)
Cash and cash equivalents at the beginning of the year	89.54	362.08
Cash and cash equivalents at the year end	7.49	89.54
Components of cash and cash equivalents:		
Cash on hand	2.12	2.30
Balances with banks		
On current accounts	5.37	86.75
On deposit accounts	-	0.49
Total cash and cash equivalents	7.49	89.54

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: May 18, 2017

For and on behalf of the Board of Directors
LAURUS LABS LIMITED (formerly known as Laurus Labs Private Limited)

Dr. C.Satyanarayana
Whole Time Director & Chief Executive Officer
DIN: 00211921

Place: Hyderabad
Date: May 18, 2017

V.V.Ravi Kumar
Executive Director & Chief Financial Officer
DIN: 01424180

G.Venkateswar Reddy
Company Secretary

Notes

to financial statements for the year ended March 31, 2017

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

1. Corporate information

Laurus Labs Limited (formerly known as Laurus Labs Private Limited) (the "Company") offers a broad and integrated portfolio of Active Pharmaceuticals Ingredients (API) including intermediates, Generic Finished forms (FDF) and Contract Research services to cater to the needs of the global pharmaceutical industry. The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The Company's shares are listed on two recognised stock exchanges in India. The registered office of the company is located at Plot no. 21, Jawaharlal Nehru Pharma city, Parawada, Vishakapatnam, Andhra Pradesh, India - 531201.

The Company is equipped with API manufacturing facilities situated in Jawaharlal Nehru Pharma City at Visakhapatnam, FDF drug manufacturing facility situated in Achutapuram at Visakhapatnam and a Research and Development Centre in IKP Knowledge Park at Hyderabad.

These separate financial statements were authorised by the Board of Directors for issue in accordance with their resolution dated May 18, 2017.

The Company has following investments in subsidiaries and associate:

Name of Entity	Principal place of business and Country of Incorporation	Description of the method used to account for investments	Investee relationship			Proportion of ownership interest		
			March 31, 2017	March 31, 2016	April 01, 2015	March 31, 2017	March 31, 2016	April 01, 2015
Laurus Synthesis Inc.	USA	at cost	Subsidiary	Subsidiary	Subsidiary	100%	100%	100%
Sriam Labs Private Limited *	India	at cost	Subsidiary	Associate	Associate	100%	27%	27%
Viziphar Biosciences Private Limited ^	India	at cost	-	Subsidiary	Subsidiary	-	100%	100%

* W.e.f November 01, 2016, the Company has acquired 100% shareholding of Sriam Labs Private Limited.

^ W.e.f April 01, 2016, the Company has divested its 100% share in Viziphar Biosciences Private Limited to an unrelated outside party.

2. Significant accounting policies

2.1 Basis of preparation

(a) The financial statements of the Company have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time). For all periods up to and including the year ended March 31, 2016, the Company had prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Indian GAAP'). With effect from April 01, 2016, the Company is required to prepare its financial statements under the Indian Accounting Standards ('Ind AS') prescribed under section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, as amended. The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 - 'First time adoption of Indian Accounting Standards'. Refer note 41 for information on how the Company has adopted Ind AS. Reconciliations and descriptions of the effect of the transition has been summarized in note 42.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- Derivative financial instruments,
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

The financial statements are presented in Indian Rupees and all values are rounded to the nearest millions, except otherwise indicated.

2.2 Summary of significant accounting policies

(a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

Notes

to financial statements for the year ended March 31, 2017

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

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

(b) **Foreign currencies**

The financial statements are presented in Indian rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at its functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

(c) **Fair value measurement**

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

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

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

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair

Notes

to financial statements for the year ended March 31, 2017

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

value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

The Company's chief financial officer determines the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. Any change in the fair value of each asset and liability is also compared with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(d) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

The specific recognition criteria described below 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. Any additional amount based on the terms of the agreement entered into with customers, is recognised in the period when the collectability of the profit share becomes probable and a reliable measure of the profit share is available. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Based on the Educational Material on Ind AS 18 issued by the ICAI, the Company has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty.

However, sales tax/ value added tax (VAT) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

Sale of services

Revenue from contract research operations is recognised based on services performed till date as a percentage of total services. The agreed milestones are specified in the contracts with customers which determine the total services to be performed.

Notes

to financial statements for the year ended March 31, 2017

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

Interest income

For all debt financial instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. Interest income is included in finance income in the statement of profit and loss

Dividends

Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

(e) Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Export incentives are recognised as income under other operating revenue when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

(f) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits (MAT Credit) and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

(g) **Property, plant and equipment**

Under the previous GAAP (Indian GAAP), property, plant and equipment and capital wok in progress were carried in the balance sheet at cost of acquisition. The Company has elected to regard those values of property, plant and equipment as deemed cost at the date of the acquisition since there is no change in the functional currency as at 1 April 2015 (date of transition to Ind AS) on the date of transition to Ind AS. The Company has also determined that cost of acquisition or construction at deemed cost as at 1 April 2015.

Capital work in progress, Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other expenses on existing property, plant and equipment, 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.

Subsequent expenditure related to an item of property, plant and equipment 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.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:.

Factory buildings	:	30 years
Other buildings	:	60 years
Plant and equipment	:	5 to 20 years
Furniture and fixtures	:	10 years
Vehicles	:	5 years
Computers	:	3 to 6 years

The Company, based on technical assessment and management estimate, depreciates certain items of plant and equipment and vehicles over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(h) **Intangible assets**

Computer Software

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

Gains or losses arising from derecognition of an intangible asset 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 or loss when the asset is derecognised.

On transition to Ind AS, the Company has elected to continue with the carrying value

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of all of its intangible assets recognised as at April 01, 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

(i) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 April 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

(j) Borrowing costs

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 asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(k) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on weighted average basis.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: 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 includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity.

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- Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

- Stores, spares and packing materials are valued at the lower of cost and net realisable value.

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

(l) Impairment of non-financial assets

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) fair value less costs of disposal and its value in use. 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 groups of assets. When 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 fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated.

Impairment losses, including impairment on inventories, are recognised in the statement of profit and loss. For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods/ years. Such reversal is recognised in the statement of profit or loss.

(m) Provisions

General

Provisions are recognised when the Company has a present obligation (legal or constructive) 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. When 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 a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(n) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date

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exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund by a third party.

The cost of providing benefits under the defined benefit plan is determined based on projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

The Company treats accumulated leaves which are to be settled after 12 months as a long-term employee benefit and accumulated leaves which are to be settled in the next 12 months as a short-term employee benefit for measurement purposes. Such accumulated leaves 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 beyond 12 months after the reporting date.

(o) Share-based payments

Employees of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments.

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using Black Scholes valuation model.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value.

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The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(p) Financial instruments

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

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, a 'debt instrument' is measured at the amortised cost if both the following conditions are met:

(a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. This category generally applies to trade and other receivables.

For purposes of subsequent measurement, Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. FVTPL is a residual category for debt instruments.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL due to recognition inconsistency.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L

Further, All equity investments in scope of Ind AS 109 are measured at fair value. For equity instruments which are not held for trading, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Derecognition

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

a) the rights to receive cash flows from the asset have expired, or

b) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

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i. the Company has transferred substantially all the risks and rewards of the asset, or

ii. the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, deposits and bank balances.

b) Trade receivables that result from transactions that are within the scope of Ind AS 18.

The Company follows 'simplified approach' for recognition of impairment loss. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument

- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

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

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matrix at the reporting date:

Receivables past due	% of allowance
> 1 year	0%
> 1 year and < 2 years	25%
> 2 years and < 3 years	50%
> 3 years	100%

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

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

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Derecognition

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

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

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The following table shows various reclassification and how they are accounted for:

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(q) **Investments in subsidiaries and associate**

In respect of equity investments, when an entity prepares separate financial statements, Ind AS 27 requires it to account for its investments in subsidiaries and associate either:

(a) at cost; or
(b) in accordance with Ind AS 109.

If a first-time adopter measures such an investment at cost in accordance with Ind AS 27, it shall measure that investment at one of the following amounts in its opening Ind AS Balance Sheet:

(a) cost determined in accordance with Ind AS 27; or

(b) deemed cost. The deemed cost of such an investment shall be its:

(i) fair value at the entity's date of transition to Ind ASs in its separate financial statements; or

(ii) previous GAAP carrying amount at that date.

A first-time adopter may choose either (i) or (ii) above to measure its investment in each subsidiary or associate that it elects to measure using a deemed cost.

Since the company is a first time adopter it has measured its investment in subsidiary and associate at deemed cost in accordance with Ind AS 27 by taking previous GAAP carrying amount.

(r) **Derivative financial instruments**

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The purchase contracts that meet the definition of a derivative under Ind-AS 109 are recognised in the statement of profit and loss. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

(s) **Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

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For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

(t) Research and Development

Revenue expenditure on research and development is charged to the statement of profit and loss in the year in which it is incurred. The Company does not generate any intangible asset internally.

(u) Measurement of EBITDA

The Company presents EBITDA in the statement of profit or loss, which is neither specifically required by Ind AS 1 nor defined under Ind AS. Ind AS complaint Schedule III allows companies to present line items, sub-line items and sub-totals shall be presented as an addition or substitution on the face of the financial statements when such presentation is relevant to an understanding of the company's financial position or performance or to cater to industry/sector-specific disclosure requirements or when required for compliance with the amendments to the Companies Act or under the Indian Accounting Standards. Accordingly, the Company has elected to present EBITDA as a separate line item on the face of the statement of profit and loss and does not include depreciation and amortization expense, finance income, finance costs, share of profit/ loss from associate and tax expense in the measurement of EBITDA.

(v) Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' The amendments are applicable to the Company from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated. These amendments does not have any recognition or measurement impact but requires additional disclosure to be given by the Company.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement. The Company does not have any cash-settled share based payments and accordingly there is no impact on the financial statements is being evaluated.

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3. Property, plant and equipment

Particulars	Freehold land	Buildings		Plant and equipment		Furniture and Fixtures	Computers	Vehicles	Total Property, plant and equipment
Gross carrying value									
As at April 01, 2015 (Cost or deemed cost)	769.42	1,974.59		4,411.01		97.95	38.91	49.78	7,341.66
Additions	34.04	1,447.07	*	1,967.61	*	70.38	33.05	29.40	3,581.55
Disposals	-	-		(1.84)		-	(0.53)	(17.48)	(19.85)
As at March 31, 2016	803.46	3,421.66		6,376.78		168.33	71.43	61.70	10,903.36
Additions	-	788.95	*	1,258.82	*	97.83	17.56	67.05	2,230.21
Disposals	-	-		(9.17)		-	-	(22.04)	(31.21)
As at March 31, 2017	803.46	4,210.61		7,626.43		266.16	88.99	106.71	13,102.36
Depreciation and Impairment									
Charge for the year	-	112.16		665.35		28.52	16.95	15.93	838.91
Disposals	-	-		(0.04)		-	(0.53)	(10.63)	(11.20)
As at March 31, 2016	-	112.16		665.31		28.52	16.42	5.30	827.71
Charge for the year	-	148.90		779.02		36.15	18.54	22.35	1,004.96
Disposals	-	-		(9.04)		-	-	(16.86)	(25.90)
As at March 31, 2017	-	261.06		1,435.29		64.67	34.96	10.79	1,806.77
Net carrying value									
As at April 01, 2015	769.42	1,974.59		4,411.01		97.95	38.91	49.78	7,341.66
As at March 31, 2016	803.46	3,309.50		5,711.47		139.81	55.01	56.40	10,075.65
As at March 31, 2017	803.46	3,949.55		6,191.14		201.49	54.03	95.92	11,295.59

Capital Work in Progress (including expenditure during construction period - note 44) : ₹ 1,432.56 (March 31, 2016: ₹ 696.00, April 01, 2015: ₹ 1,072.54).

Estimated amount of contracts remaining to be executed on capital account and not provided for : ₹ 587.00 (March 31, 2016: ₹ 1,179.00, April 01, 2015: ₹ 1,223.00) (Refer note 43b).

Notes: .

* includes expenditure during the construction period amounting to ₹ 18.48 (March 31,2016: ₹ 35.74, April 01, 2015: 32.47 (Note 44)).

Pledge on Property, plant and equipment:

Property, plant and equipment (other than vehicles) with a carrying amount of ₹ 11,008.18 (March 31, 2016: ₹ 9,816.81, April 01, 2015: ₹ 7,083.97) are subject to a pari passu first charge on the Company's term loans. Property, plant and equipment/ Moveable plant & machinery with a carrying amount of ₹ 191.49 (March 31, 2016: ₹ 202.44, April 01, 2015: ₹ 207.91) is exclusively charged towards term loan and buyers credit from ICICI Bank. Further, the property, plant and equipment (other than vehicles) are subject to a pari passu second charge on the Company's current borrowings and SBI buyer's credit. Also, refer note 14A and 14B.

Vehicles with a carrying amount of ₹ 95.92 (March 31, 2016: ₹ 56.40, April 01, 2015: 49.78) are hypothecated to respective banks against vehicle loans.

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

4. Intangible Assets

Particulars	Computer Software purchased	Total Intangible Assets
Gross carrying value		
As at April 01, 2015 (Cost or deemed cost)	61.15	61.15
Additions	21.70	21.70
Disposals	-	-
As at March 31, 2016	82.85	82.85
Additions	33.11	33.11
Disposals	-	-
As at March 31, 2017	115.96	115.96
Amortisation		
Charge for the year	18.97	18.97
Disposals	-	-
As at March 31, 2016	18.97	18.97
Charge for the year	24.57	24.57
Disposals	-	-
As at March 31, 2017	43.54	43.54
Net carrying value		
As at April 01, 2015	61.15	61.15
As at March 31, 2016	63.88	63.88
As at March 31, 2017	72.42	72.42

5. Investments in subsidiaries and associate

			March 31, 2017	March 31, 2016	April 01, 2015
A.	**Investments in equity instruments of subsidiaries (unquoted)**				
	- 30,000 (March 31, 2016: 30,000, April 01, 2015 : 19,000) Equity Shares of US$ 100 each fully paid-up in Laurus Synthesis Inc.		189.26	189.26	119.13
	- 14,203,363 (March 31, 2016: Nil, April 01, 2015 : Nil) Equity Shares of ₹ 10 each of Sriam Labs Private Limited		281.94	-	-
	- Nil (March 31, 2016: 2,454,059, April 01, 2015 : 2,454,059) Equity Shares of ₹ 10 each fully paid-up in Viziphar Biosciences Private Limited		-	-	-
	Total	(A)	471.20	189.26	119.13
	(Aggregate value of unquoted investments: ₹ 471.20 (March 31, 2016: ₹ 189.26, April 01, 2015: ₹ 119.13)				
B.	**Investments in equity instruments of associate (unquoted)**				
	- Nil (March 31, 2016: 3,834,908, April 01, 2015 : 3,834,908) Equity Shares of ₹ 10 each of Sriam Labs Private Limited		-	71.98	71.98
	Less : Provision for diminution in value of Investments				
	Total	(B)	-	71.98	71.98
	(Aggregate value of unquoted investments: ₹ Nil (March 31, 2016: ₹ 71.98, April 01, 2015: ₹ 71.98)				
	Total	(A+B)	471.20	261.24	191.11

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

6. Financial assets

		March 31, 2017	March 31, 2016	April 01, 2015
A.	**Investments**			
	Unquoted investments in equity instruments (valued at fair value through profit and loss)			
	- 2,730,000 (March 31, 2016: Nil, April 01, 2015 : Nil) Equity Shares of ₹ 10 each of Atchutapuram Effluent Treatment Ltd.	27.30	-	-
		27.30	**-**	**-**
B.	**Loans**			
	Non-Current (unsecured, considered good unless otherwise stated)			
	Security Deposits	98.16	67.64	39.11
	Total	**98.16**	**67.64**	**39.11**
	Current (unsecured, considered good unless otherwise stated)			
	Security Deposits	30.00	-	-
	Loans to related parties (note 34)			
	- Loans to Subsidiary (including bad and doubtful advances ₹ Nil (March 31, 2016: ₹ Nil, April 01, 2015: ₹ 0.50)	-	1.33	5.05
	Other loans			
	- Loans to employees	2.77	5.83	2.68
		32.77	7.16	7.73
	Less: Allowance for bad and doubtful advances	-	-	(0.50)
	Total	**32.77**	**7.16**	**7.23**
C.	**Deposits and others**			
	Non Current (unsecured, considered good unless stated otherwise)			
	Bank Deposits (note 11B)	44.22	7.66	81.31
	Total	**44.22**	**7.66**	**81.31**
	Current (unsecured, considered good unless stated otherwise)			
	Insurance claim receivable (considered doubtful : ₹ Nil (March 31, 2016: ₹ 29.85, April 01, 2015: ₹ Nil))	26.81	29.85	85.38
		26.81	29.85	85.38
	Less: Provision for insurance claim receivable	-	(29.85)	-
	Total	**26.81**	**-**	**85.38**
	Breakup of financial assets			
	Valued at fair value through profit or loss			
	Investments	27.30	-	-
	Total financial assets carried at fair value through profit or loss	**27.30**	**-**	**-**
	Valued at amortised cost			
	Loans	130.93	74.80	46.34
	Deposits and others	71.03	7.66	166.69
	Trade Receivables	5,619.56	4,437.01	2,850.45
	Cash & cash equivalents	7.49	89.54	362.08
	Bank balances other than above	16.68	159.68	202.08
	Total financial assets carried at amortised cost	**5,845.69**	**4,768.69**	**3,627.64**

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

7. Other assets

	March 31, 2017	March 31, 2016	April 01, 2015
Non-Current (unsecured, considered good unless otherwise stated)			
Capital Advances	124.02	207.61	250.42
Advances Recoverable in cash & kind (including bad and doubtful advances ₹ 16.79 (March 31, 2016: ₹ 1.06, April 01, 2015: ₹ 1.64)	16.79	1.06	22.90
Prepayments	300.34	306.40	253.89
Balances with Statutory/Government Authorities	20.00	-	-
Deferred Lease expenses	1.32	2.21	2.12
Sales tax paid under protest	3.74	-	-
Export and other incentives receivable (Refer note 18)	53.33	73.90	41.93
	519.54	591.18	571.26
Less: Allowance for bad and doubtful advances	(16.79)	(1.06)	(1.64)
Total	**502.75**	**590.12**	**569.62**
Current (unsecured, considered good unless otherwise stated)			
Advances recoverable in cash or kind	68.99	68.27	112.91
Loans and advances to related parties (note 34)	278.41	35.00	-
Prepayments	70.27	57.87	58.62
Balances with Statutory/Government Authorities	91.35	127.05	106.63
Deferred Lease expenses	0.98	1.13	0.85
Export and other incentives receivable (Refer note 18)	195.30	115.51	20.98
Others	0.98	0.78	5.56
Total	**706.28**	**405.61**	**305.55**

8. Deferred tax assets (Net)

		March 31, 2017	March 31, 2016	April 01, 2015
Deferred tax liability relating to				
Accelerated depreciation for tax purposes		(541.47)	(515.95)	(372.29)
Deferred revenue on embedded leases		(396.20)	(114.44)	(117.99)
	(A)	**(937.67)**	**(630.39)**	**(490.28)**
Deferred tax asset relating to				
MAT credit entitlement		1,467.37	989.58	633.98
Unused tax losses/ depreciation		-	121.24	333.70
Expenses allowable on payment basis		96.78	61.39	43.58
Other items giving rise to temporary differences		8.13	6.88	16.89
	(B)	**1,572.28**	**1,179.09**	**1,028.15**
Deferred tax assets (Net)	(A+B)	**634.61**	**548.70**	**537.87**

Deferred tax assets/ (liabilities):

For the year ended March 31, 2016:

	Opening Balance	Recognised in profit & loss	Recognised in other comprehensive income	Closing balance
Accelerated depreciation for tax purposes	(372.29)	(143.66)	-	(515.95)
Deferred revenue on embedded leases	(117.99)	3.55	-	(114.44)
MAT credit entitlement	633.98	355.60	-	989.58
Unused tax losses/ depreciation	333.70	(212.46)	-	121.24
Expenses allowable on payment basis	43.58	17.81	-	61.39
Other items giving rise to temporary differences	16.89	(14.27)	4.26	6.88
	537.87	**6.57**	**4.26**	**548.70**

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

For the year ended March 31, 2017:

	Opening Balance	Recognised in profit & loss	Recognised in other comprehensive income	Closing balance
Accelerated depreciation for tax purposes	(515.95)	(25.52)	-	(541.47)
Deferred revenue on embedded leases	(114.44)	(281.76)	-	(396.20)
MAT credit entitlement	989.58	477.79	-	1,467.37
Unused tax losses/ depreciation	121.24	(121.24)	-	-
Expenses allowable on payment basis	61.39	35.39	-	96.78
Other items giving rise to temporary differences	6.88	(2.18)	3.43	8.13
	548.70	**82.48**	**3.43**	**634.61**

The Company has accounted for deferred tax assets (net) of ₹ 634.61 (March 31, 2016: ₹ 548.70, April 01, 2015: ₹ 537.87) based on approval of business plan by board, agreements entered with customers, orders on hand, fresh infusion of funds, successful patent filings and a portfolio of drugs.

During the year ended March 31, 2017, the Company has paid dividend to its shareholders. This has resulted in payment of Dividend Distribution Tax (DDT) to the taxation authorities. The Company believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence, DDT paid is charged to equity.

9. Inventories

	March 31, 2017	March 31, 2016	April 01, 2015
(At lower of cost and net realisable value)			
Raw Materials [including Port Stock and Stock in transit: ₹ 471.18 (March 31, 2016: ₹ 787.95, April 01, 2015: ₹ 1086.48)]	1,904.55	2,182.40	2,310.94
Work-in-progress	1,515.88	1,408.01	1,464.25
Finished Goods	1,474.98	1,222.06	915.04
Stores, spares and packing materials	113.87	58.46	64.73
Total	**5,009.28**	**4,870.93**	**4,754.96**

10. Trade Receivables

	March 31, 2017	March 31, 2016	April 01, 2015
Unsecured			
Considered good *	5,619.56	4,437.01	2,850.45
Considered bad and doubtful	21.52	-	4.74
	5,641.08	4,437.01	2,855.19
Less: Allowance for bad and doubtful receivables	(21.52)	-	(4.74)
	5,619.56	**4,437.01**	**2,850.45**
* Includes due from subsidiaries (refer note 34)	-	16.74	-

No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person nor from firms or private companies respectively in which any director is a partner, a director or a member.

Trade receivables are non-interest bearing and are generally on terms of 30 - 90 days.

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to financial statements for the year ended March 31, 2017

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

11. Cash & cash equivalents and Other bank balances

		March 31, 2017	March 31, 2016	April 01, 2015
A)	**Cash & Cash Equivalents**			
	Balances with Banks			
	- On Current Accounts	5.37	86.75	209.79
	- Deposits with original maturity of less than three months	-	0.49	150.00
	Cash on hand	2.12	2.30	2.29
		7.49	89.54	362.08
B)	**Bank balances other than above**			
	On Deposit Accounts			
	- Remaining maturity for more than twelve months	44.22	7.66	81.31
	- Remaining maturity for less than twelve months	16.68	159.68	202.08
		60.90	167.34	283.39
	Less : Amount disclosed under Other Assets (Note 6C)	(44.22)	(7.66)	(81.31)
		16.68	159.68	202.08

Deposits with a carrying amount of ₹ 60.90 (March 31, 2016: ₹ 167.34, April 01, 2015: ₹ 283.39) are towards margin money given for letter of credit and bank guarantees.

12. Equity share capital

	March 31, 2017	March 31, 2016	April 01, 2015
Authorised			
111,000,000 (March 31, 2016: 24,787,037, April 01, 2015 : 16,746,097) Equity shares of ₹ 10/- each	1,110.00	247.87	167.46
Nil (March 31, 2016: 2,259,060, April 01, 2015: 6,900,000) 0.001% Compulsorily Convertible Participatory Cumulative Preference shares - Series A of ₹ 10/- each	-	22.59	69.00
Nil (March 31, 2016: 2,477,387, April 01, 2015: 2,477,387) 0.001% Compulsorily Convertible Participatory Cumulative Preference shares - Series B of ₹ 243/- each	-	602.01	602.01
Nil (March 31, 2016: 4,153,399, April 01, 2015: 4,153,399) 0.001% Compulsorily Convertible Participatory Cumulative Preference shares - Series C of ₹ 10/- each	-	41.53	41.53
Total	1,110. 00	914.00	880.00
Issued, Subscribed and Paid Up			
105,756,249 (March 31, 2016: 15,767,255, April 01, 2015 : 15,511,880) Equity share of ₹ 10/- each fully paid up	1,057.56	157.67	155.12
Nil (March 31, 2016: 2,259,060, April 01, 2015 : 2,259,060) 0.001% Compulsorily Convertible Participatory Cumulative Preference shares - Series A of ₹ 10/- each fully paid up	-	22.59	22.59
Nil (March 31, 2016: 2,477,387, April 01, 2015 : 2,477,387) 0.001% Compulsorily Convertible Participatory Cumulative Preference shares - Series B of ₹ 243/- each fully paid up	-	602.01	602.01
Nil (March 31, 2016: 4,153,399, April 01, 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	1,057.56	823.80	821.25

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to financial statements for the year ended March 31, 2017

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

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

	March 31, 2017		March 31, 2016		April 01, 2015	
	No.	₹	No.	₹	No.	₹
Equity Shares of ₹ 10 Each, Fully paid up						
Balance as per last financial statements	15,767,255	157.67	15,511,880	155.12	15,379,755	153.80
Issued during the year - ESOP	118,500	1.19	255,375	2.55	132,125	1.32
Converted from preference shares to equity shares	8,889,846	88.90	-	-	-	-
Issued during the year - Bonus shares	73,971,303	739.71	-	-	-	-
Issue of equity shares - IPO	7,009,345	70.09	-	-	-	-
Outstanding at the end of the year	105,756,249	1,057.56	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	2,259,060	22.59
Converted from preference shares to equity shares	(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	2,477,387	602.01
Converted from preference shares to equity shares	(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	4,153,399	41.53	-	-
Issued during the year	-	-	-	-	4,153,399	41.53
Converted from preference shares to equity shares	(4,153,399)	(41.53)	-	-	-	-
Outstanding at the end of the year	-	-	4,153,399	41.53	4,153,399	41.53

12.2. 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 12.3a. 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. For the year ended March 31, 2017, the amount of dividend per share declared as distribution to equity shareholders was ₹ 1.50 (March 31, 2016: ₹ 2.00 (not adjusted for bonus issue) and April 01, 2015: ₹ Nil).

12.3. Rights attached to Prefer ence 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 12.3a. 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 12.3a.

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During the year ended March 31, 2017, all the 2,259,060 Series A Preference Shares have been converted into equity shares in the ratio of 1:1. For the year ended March 31, 2017, the amount of dividend per share declared as distribution to Series A preference shareholders was ₹ Nil (March 31, 2016: ₹ 2.00 (including cumulative preference dividend) (not adjusted for bonus issue) and April 01, 2015: ₹ Nil).

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

For 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 Principals and Dr. Satyanarayana Chava(Promoter). Each Series B Preference Share at the option of the holder is convertible into one equity share or will automatically be converted into one equity share after completion of 19 years and 365 days from the date of issue. Each Series B Preference Shareholder is entitled to cumulative preference dividend equal to 0.001% per financial year and to exercise one vote per share at the general meetings of the Company. For liquidation terms and preferential rights refer note 12.3a.

During the year ended March 31, 2017, all the 2,477,387 Series B Preference Shares have been converted into equity shares in the ratio of 1:1.

For the year ended March 31, 2017, the amount of dividend per share declared as distribution to Series B preference shareholders was ₹ Nil (March 31, 2016: ₹ 2.00 (including cumulative preference dividend) (not adjusted for bonus issue) and April 01, 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 12.3a. During the year ended March 31, 2017, all the 4,153,399 Series C Preference Shares have been converted into equity shares in the ratio of 1:1.

For the year ended March 31, 2017, the amount of dividend per share declared as distribution to Series C preference shareholders was ₹ Nil (March 31, 2016: ₹ 2.00 (including cumulative preference dividend) (not adjusted for bonus issue) and April 01, 2015: ₹ Nil).

12.3a. 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, FIL Capital Management (Mauritius) Limited and Fidelity India Principals 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, FIL Capital Management (Mauritius) Limited and Fidelity India Principals, then such proceeds shall be distributed amongst Bluewater, FIL Capital Management (Mauritius) Limited, Fidelity India Principals and Promoter pari passu in proportion to Bluewater Investment Amount, FIL Capital Management (Mauritius) Limited Investment amount, Fidelity India Principals 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.

However, with effect from December 19, 2016, upon equity shares of the Company becoming

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listed on the stock exchanges, the liquidation terms are as follows:

(a) If the company shall be wound up, the Liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act divide amongst the shareholders, in specie or kind the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.

(b) For the purpose aforesaid, the Liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the shareholders or different classes of shareholders.

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

	March 31, 2017		March 31, 2016		April 01, 2015	
	% Holding	No.	% Holding	No.	% Holding	No.
Equity Shares of ₹ 10/- each Held By					% Holding	No.
Blue Water Investment Limited	19.85%	20,989,596	21.12%	3,330,758	21.47%	3,330,758
FIL Capital Management (Mauritius) Limited	11.57%	12,237,612	16.44%	2,592,872	16.72%	2,592,872
Dr.C.Satyanarayana	15.87%	16,781,704	23.69%	3,734,500	24.08%	3,734,500
SBI Magnum Multiplier Fund	7.02%	7,427,959	-	-	-	-
Mrs.C.Naga Rani	5.90%	6,240,000	9.89%	1,560,000	10.06%	1,560,000
Dr. Raju S Kalidindi	4.92%	5,200,000	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

12.5. 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.

12.6. Aggregate number of bonus shares issued, shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

	March 31, 2017	March 31, 2016	April 01, 2015
No. of equity shares allotted as fully paid bonus shares by capitalization of securities premium	73,971,303	-	-

13. Distributions made and proposed

	March 31, 2017	March 31, 2016
Cash dividends on Equity shares declared and paid:		
Final dividend for the year ended March 31, 2016 : ₹ 2.00 per share (not adjusted for bonus issue) (April 01, 2015: ₹ Nil per share)	31.53	-
Dividend distribution tax on final dividend	6.42	-
Cash dividends on CCPCPS - Series A, Series B and Series C declared and paid:		
Final dividend for the year ended March 31, 2016 : ₹ 2.00 per share (including cumulative preference dividend) (not adjusted for bonus issue) (April 01, 2015: ₹ Nil per share)	17.81	-
Dividend distribution tax on final dividend	3.63	-
	59.39	**-**

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

13. Distributions made and proposed (Contd.)

	March 31, 2017	March 31, 2016
Proposed dividends on Equity shares:		
Final cash dividend	158.63	31.53
Dividend distribution tax on proposed dividend	32.29	6.42
Proposed dividends on CCPCPS - Series A, Series B and Series C:		
Final cash dividend	-	17.81
Dividend distribution tax on proposed dividend	-	3.63
	190.93	59.39

Proposed dividend on Equity shares are subject to approval at the annual general meeting and is not recognised as a liability as at March 31, 2017.

14. Financial liabilities

		March 31, 2017	March 31, 2016	April 01, 2015
A)	**Non Current borrowings**			
	Term Loans			
	Indian Rupee loans from banks (Secured) (a and c)	762.30	3,325.06	2,613.66
	Foreign currency loans from banks (Secured) (b and c)	-	43.68	251.83
	Foreign currency loans from banks (Unsecured) (b and e)	-	1,061.33	-
	Buyer's Credit (Secured) (b and c)	188.56	141.79	133.79
	Other Loans			
	Vehicle loans from banks (Secured) (d)	51.24	25.54	21.11
	Total	1,002.10	4,597.40	3,020.39
	Current Maturities of Non Current borrowings			
	Term Loans			
	Indian Rupee loans from banks (Secured) (a and c)	453.82	761.60	690.87
	Foreign currency loans from banks (Unsecured) (b and e)	-	-	-
	Foreign currency loans from banks (Secured) (b and c)	42.69	88.19	143.13
	Buyer's Credit (Secured) (b and c)	138.59	-	-
	Other Loans			
	Vehicle loans from banks (Secured) (d)	25.39	15.72	15.06
		660.49	865.51	849.06
	Less: Amount disclosed under the head "other current financial liabilities" (Note 14 D)	(660.49)	(865.51)	(849.06)
	Total	-	-	-
B)	**Current borrowings**			
	Cash Credits and Working Capital Demand Loans			
	Indian Rupee loans from banks (Secured) (f)	5,190.22	3,872.63	2,564.54
	Foreign Currency loans from banks (Secured) (f)	-	-	394.36
	Buyer's Credit from banks (Secured) (f)	960.36	809.56	1,357.45
	Total	6,150.58	4,682.19	4,316.35

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

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

Name of the Bank	Outstanding as on March 31, 2017	Outstanding As on March 31, 2016	Outstanding As on April 01, 2015	Sanction Amount	No. of Instalments	Commencement of instalments	Effective interest rate
State Bank of India (SBI)	67.02	125.54	-	300.00	8 quarterly instalments ranging from ₹ 15.00 to ₹ 22.50	June 2016	MCLR Plus 1.90% p.a. (March 31, 2016: Base rate plus 3.45 % p.a., April 01, 2015: Nil).
State Bank of India (SBI)	350.00	429.03	487.79	490.00	23 quarterly instalments ranging from ₹ 20.00 to ₹ 22.50	September 2015	MCLR Plus 1.90% p.a. (March 31, 2016: Base rate plus 2.50% - 3.20 % p.a., April 01, 2015 : Base rate plus 3.20 % p.a.)
State Bank of India (SBI)	377.38	450.00	215.04	450.00	20 quarterly instalments ranging from ₹ 18.00 to ₹ 24.00	June 2016	MCLR Plus 1.90% p.a. (March 31, 2016: Base rate plus 2.00% - 2.50 % p.a., April 01, 2015 : Base rate plus 2.00 % p.a.)
Export-Import Bank of India (EXIM)	-	450.00	488.90	490.00	23 quarterly instalments ranging from ₹ 20.00 to ₹ 22.50	December 2015	Base rate plus 2.00% p.a. (March 31, 2016 : Base rate plus 2.00 % p.a., April 01, 2015 : Base rate plus 2.00 % p.a.)
Export-Import Bank of India (EXIM)	-	649.65	814.81	1,000.00	18 equal quarterly instalments of ₹ 55.55	September 2014	Base rate plus 2.00% p.a. (March 31, 2016 : Base rate plus 2.00 % p.a., April 01, 2015 : Base rate plus 2.00 % p.a.)
Punjab National Bank (PNB)	-	1,446.99	468.47	1,450.00	20 quarterly instalments ranging from ₹ 57.00 to ₹ 76.00	December 2016	Base rate plus 1.75% p.a. (March 31, 2016 : Base rate plus 2.00 % p.a., April 01, 2015 : Base rate plus 1.75% p.a.)
ICICI Bank (ICICI)	22.57	35.45	48.31	67.67	20 quarterly instalments of ₹ 3.38	February 2014	MCLR plus 2.75% p.a. (March 31, 2016 : Base rate plus 2.50% p.a., April 01, 2015 : Base rate plus 2.50% p.a.)"
HSBC Bank (HSBC)	399.15	500.00	-	500.00	10 quarterly instalments of ₹ 50	December 2016	"MCLR plus 0.5% p.a. (March 31, 2016 :Base rate plus 0.6% p.a., April 01, 2015: Nil)"
State Bank of Hyderabad (SBH)	-	-	358.50	450.00	9 quarterly instalments ranging from ₹ 45.00 to ₹ 60.00	December 2014	Nil (March 31, 2016: Nil, April 01, 2015: Base rate plus 2.25% p.a.)
IDBI Bank (IDBI)	-	-	422.71	500.00	12 quarterly instalments ranging from ₹ 37.50 to ₹ 43.75	October 2014	Nil (March 31, 2016: Nil, April 01, 2015: Base rate plus 2.25% p.a.)

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

(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, 2017	Outstanding as on March 31, 2016	Outstanding as on April 01, 2015	Sanction Amount	No. of Instalments	Commencement of instalments	Rate of Interest
Bank of Bahrain and Kuwait (BBK) - ECB Loan	42.69	131.87	207.44	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, 2016 : LIBOR plus 3.50% p.a., April 01, 2015 : LIBOR plus 3.50% p.a.)
ICICI Bank (ICICI) - Buyer's Credit	138.59	141.79	133.79	US$ 2.14 Mn	Single instalment	April 2017	LIBOR plus 0.74% p.a. (March 31, 2016 : LIBOR plus 0.74% p.a., April 01, 2015 : LIBOR plus 0.74% p.a.)
State Bank of India (SBI) - Buyer's Credit	188.56	-	-	US$ 2.91 Mn	Three instalments	April 2018	LIBOR plus 0.56% p.a. (March 31, 2016: Nil, April 01, 2015: Nil)
CITI Bank (CITI) - FCNR TL	-	1061.33	-	US$ 21.00 Mn	Single instalment	Before February 2018*	LIBOR plus 1.7% p.a. (March 31, 2016 : LIBOR plus 1.7% p.a., April 01, 2015: Nil)
State Bank of India (SBI) - FCNR TL	-	-	187.52	US$ 3.00 Mn	12 quarterly instalments	June 2015	Nil (March 31, 2016: Nil, April 01, 2015: LIBOR plus 3.25% p.a.)

* Company has right to pay anytime before February 2018 and the same has been exercised during the year.

(c) All Term loans (except term loan and buyer's credit from ICICI and buyer's credit from SBI) are secured by pari passu first charge on the property, plant and equipment (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 buyer's credit is secured by exclusive charge on the movable plant & machinery/ property, plant and equipment procured from the term loan/buyer's 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. State Bank of India (SBI) buyer's credit is secured by pari passu first charge on current assets and pari passu second charge on the property, plant and equipment (both present and future) 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.

(f) Current borrowings are availed of in both Rupee and Foreign currencies. Interest on rupee loans ranges from MCLR plus 0% to 1.85%(March 31, 2016: Base rate plus 1% to 2.25%, April 01, 2015: Base rate plus 1% to 2.25%). buyer's credit loan interest ranges from LIBOR plus 0.23% to 0.75%(March 31, 2016: LIBOR plus 0.25% to 0.52%, April 01, 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 property, plant and equipment (both present and future). Also personal guarantees have been given by the Chief Executive Officer and one of the Executive Directors of the Company.

C) Trade Payables

	March 31, 2017	March 31, 2016	April 01, 2015
- Outstanding dues to creditors other than micro enterprises and small enterprises	2,414.79	2,378.45	2,217.07
- Outstanding dues to micro enterprises and small enterprises (Note 31)	11.46	5.22	2.73
- Outstanding dues to related parties (Note 34)	79.70	123.93	80.94
	2,505.95	**2,507.60**	**2,300.74**

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled on 30-120 day terms.

For explanations on the Company's credit risk management processes, refer to Note 39.

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to financial statements for the year ended March 31, 2017

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

D) Current maturities and other liabilities

	March 31, 2017	March 31, 2016	April 01, 2015
Valued at amortised cost			
Current maturities of non current borrowings (Note 14 A)	660.49	865.51	849.06
Capital Creditors	521.87	303.08	341.18
Interest accrued	26.83	45.92	40.35
Payable to selling shareholders (IPO) (refer note 45)	40.20	-	-
Valued at fair value through profit or loss			
Outstanding derivative contracts	23.51	24.51	0.22
Total	1,272.90	1,239.02	1,230.81

Interest Payable is normally settled monthly/ Quarterly throughout the Financial Year.

Breakup of financial liabilities carried at amortised cost

	March 31, 2017	March 31, 2016	April 01, 2015
Valued at fair value through profit or loss			
Outstanding derivate contracts	23.51	24.51	0.22
Total financial liabilities carried at fair value through profit or loss	23.51	24.51	0.22
Valued at amortised cost			
Non current borrowings	1,002.10	4,597.40	3,020.39
Current maturities of non current borrowings	660.49	865.51	849.06
Current borrowings	6,150.58	4,682.19	4,316.35
Interest accrued	26.83	45.92	40.35
Trade Payables	2,505.95	2,507.60	2,300.74
Capital Creditors and others	562.07	303.08	341.18
Total financial liabilities carried at amortised cost	10,908.02	13,001.70	10,868.07

15. Provisions

		March 31, 2017	March 31, 2016	April 01, 2015
A)	**Non-Current Provisions**			
	Provision for Gratuity (note 29)	87.38	67.71	51.26
	Total	87.38	67.71	51.26
B)	**Current Provisions**			
	Provision for Gratuity (note 29)	7.25	6.70	4.16
	Provision for Compensated absences	92.02	69.82	50.36
	Total	99.27	76.52	54.52

16. Non-current tax assets and current tax liabilities

	March 31, 2017	March 31, 2016	April 01, 2015
Non-current tax assets			
Advance tax (net)	-	0.39	0.39
Tax paid under protest	7.05	7.05	7.05
	7.05	7.44	7.44
Current tax liabilities			
Provision for taxes (net)	91.76	60.10	37.52
	91.76	60.10	37.52

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

17. Other liabilities

	March 31, 2017	March 31, 2016	April 01, 2015
Non Current			
Advances from Customers	630.72	164.66	154.30
	630.72	164.66	154.30
Current			
Advances from customers	474.39	122.28	4.12
Statutory dues	107.85	47.04	39.23
Total	582.24	169.32	43.35

18. Revenue from Operations (Gross)

		For the year ended March 31, 2017	For the year ended March 31, 2016
Sale of Products (including excise duty)			
Income from Sale of API and Intermediates		18,362.14	17,438.41
Income from Sale of Traded goods		150.10	161.37
	(A)	18,512.24	17,599.78
Sale of Services			
Contract research services		280.16	211.39
	(B)	280.16	211.39
Other Operating Revenue			
Sale of Scrap		17.67	13.92
Export and other incentives *		175.15	162.14
Others		197.95	93.27
	(C)	390.77	269.33
Revenue from Operations (Gross)	(A+B+C)	19,183.17	18,080.50

"* Export and other incentives have been recognized on the following:

a) Incentive in the form of duty credit scrip upon sale of exports under Merchandise Exports from India Scheme under Foreign Trade Policy of India

b) Sales tax incentive and reimbursement of power cost under the Andhra Pradesh state incentives IIPP 2010-15 scheme. There are no unfulfilled conditions or contingencies attached to these incentives.

19. Other Income

	For the year ended March 31, 2017	For the year ended March 31, 2016
Net Gain on Foreign Exchange Fluctuations	236.90	-
Reversal of provision for insurance claim receivable (Net)	26.81	-
Reversal of provision for doubtful advance and receivables (Net)	-	5.32
Bad debts recovered	9.00	-
Profit on sale of subsidiary (valued at cost)	3.00	-
Miscellaneous Income	10.40	0.47
Lease rental income	18.48	13.33
Total	304.59	19.12

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to financial statements for the year ended March 31, 2017

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

20. Cost of Materials Consumed

		For the year ended March 31, 2017	For the year ended March 31, 2016
Raw Materials Consumed			
Opening stock at the beginning of the year		2,182.40	2,310.94
Add : Purchases		9,804.20	10,003.44
Less : Sale of materials		-	67.03
		11,986.60	12,247.35
Less : Closing stock at the end of the year		1,904.55	2,182.40
	(A)	10,082.05	10,064.95
Packing Materials Consumed	(B)	74.78	80.11
Total	(A+B)	10,156.83	10,145.06

21. Increase in Inventories of Finished Goods and Work-in-Progress

	For the year ended March 31, 2017	For the year ended March 31, 2016
Opening stock of inventories		
Finished goods of API and Intermediates	1,222.06	915.04
Work-in-Progress of API and Intermediates	1,408.01	1,464.25
	2,630.07	2,379.29
Closing stock of inventories		
Finished goods of API and Intermediates	1,474.98	1,222.06
Work-in-Progress of API and Intermediates	1,515.88	1,408.01
	2,990.86	2,630.07
Increase in inventories of finished goods and work-in-progress	(360.79)	(250.78)
Increase in Finished goods of API and Intermediates	(252.92)	(307.02)
Decrease/(Increase) in Work-in-Progress of API and Intermediates	(107.87)	56.24
Increase in inventories of finished goods and work-in-progress	(360.79)	(250.78)

22. Employee Benefits Expenses

	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries, allowances and wages	1,631.11	1,299.50
Contribution to provident fund and other funds	91.12	66.59
Gratuity expense (Note 29)	15.29	11.17
Share based payment expense	37.89	22.43
Managerial remuneration	186.56	130.58
Recruitment and training	18.10	10.31
Staff welfare expenses	196.81	159.28
Total	2,176.88	1,699.86

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to financial statements for the year ended March 31, 2017

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

23. Other Expenses

	For the year ended March 31, 2017	For the year ended March 31, 2016
Consumption of stores and spares	181.85	174.01
Conversion charges	175.61	302.35
Factory maintenance	221.05	185.86
Effluent treatment expenses	157.53	132.63
Power and Fuel	631.99	569.72
Repairs & maintenance		
Plant and machinery	116.79	100.81
Buildings	39.06	17.86
Others	2.33	1.56
Product development	307.58	191.68
Testing and analysis charges	11.74	13.81
Rent	41.43	33.27
Rates and taxes	85.62	35.39
Office maintenance	19.70	16.93
Insurance	57.25	48.78
Printing and stationery	15.16	13.56
Consultancy and other professional charges	75.57	64.99
Membership and subscription	26.24	20.69
Remuneration to auditors *		
-Audit Fee	4.10	4.10
-Tax audit fee	0.50	0.40
-Limited Review	0.80	-
-Other services	0.20	0.17
-Out of pocket expenses	0.18	0.07
Travelling and conveyance	57.47	53.44
Communication expenses	18.13	14.95
Loss on sale of property, plant and equipment (net)	4.38	2.98
Advances and bad debts written off (net of allowance of ₹ Nil (March 31, 2016: ₹ 0.05))	-	18.86
Allowance for bad and doubtful advances and debts	37.25	-
Net Loss on Foreign Exchange Fluctuations	-	13.84
Provision for Insurance claim receivable	-	29.85
Carriage outwards	83.83	63.32
Commission on sales	82.34	50.98
Royalty	64.07	15.59
Other selling expenses	15.83	11.13
Business Promotion and Advertisement	75.15	49.47
CSR Expenditure (note 27)	41.03	27.02
Donations	6.66	0.90
Miscellaneous expenses	2.21	1.43
Total	**2,660.63**	**2,282.40**

* Excludes ₹ 20.87 (March 31, 2016: ₹ Nil) of which Company's share has been adjusted to securities premium.

24 A. Finance Income

	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest Income on		
Deposits and Margin money held	8.31	20.70
Security deposits at amortised cost	1.06	0.74
Others	5.48	2.90
Total	**14.85**	**24.34**

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

24 B. Finance Expenses

	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest		
- on Term loans	356.98	476.66
- on working capital loans	495.22	493.33
- on others	22.06	16.32
	874.26	986.31
Bank charges	66.42	72.92
Exchange differences to the extent considered as an adjustment to borrowing costs	29.05	51.18
Total	969.73	1,110.41

25. Other Comprehensive Income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

	For the year ended March 31, 2017	For the year ended March 31, 2016
Retained Earnings:		
Remeasurement costs on net defined benefit liability	(9.92)	(12.32)
Deferred tax effect on remeasurement costs on net defined benefit liability	3.43	4.26
Total	(6.49)	(8.00)

26. Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	For the year ended March 31, 2017	For the year ended March 31, 2016
Profit for the year attributable to shareholders	2,025.65	1,446.52
Less: Preference dividend and tax thereon	21.44	-
Profit available for equity shareholders	2,004.21	1,446.52
Weighted average number of equity shares in computing basic EPS *	90,514,497	62,577,976
Add: Effect of dilution *		
Convertible preference shares	10,229,412	35,559,384
Stock options granted under ESOP	529,204	256,272
Weighted Average number of Equity Shares in computing diluted earnings per share *	101,273,113	98,393,632
Face value of each equity share (₹)	10.00	10.00
Earnings per share		
- Basic (₹)	22.14	23.12
- Diluted (₹)	20.00	14.70

* During the year ended March 31, 2017, the Company on July 27, 2016, has allotted 73,971,303 equity shares of ₹ 10/- each to the then existing shareholders of the Company as Bonus shares in the ratio of 3:1. Accordingly, the earnings per share has been adjusted for bonus issue for previous periods presented in accordance with the requirements of Indian Accounting Standard (Ind AS) 33 - Earnings per share.

27. Details of CSR expenditure

			March 31, 2017	March 31, 2016
a)	**Gross amount required to be spent by the Company during the year:**		24.61	18.79
b)	**Amount spent during the year ending on March 31, 2017:**	Paid in cash	Yet to be paid in cash	Total
	(i) Construction/acquisition of any asset	-	-	-
	(ii) On purposes other than (i) above	41.03	-	41.03
c)	**Amount spent during the year ending on March 31, 2016:**	Paid 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

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

28. Taxes

(a) Income tax expense:

The major components of income tax expenses for the year ended March 31, 2017 and for the year ended March 31, 2016 are:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(i) Profit or loss section		
Current tax	533.09	380.64
Adjustment of tax relating to earlier years	-	(25.04)
Deferred tax credit	(66.65)	(31.61)
Adjustment of deferred tax relating to earlier years	(15.83)	25.04
Total income tax expense recognised in statement of Profit & Loss	**450.61**	**349.03**
(ii) OCI Section		
Net loss on remeasurement of defined benefit plans	3.43	4.26
Income tax charged to OCI	**3.43**	**4.26**

(b) Reconciliation of effective tax rate:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Profit Before Tax (A)	2,476.26	1,795.55
Enacted tax rate in India (B)	34.61%	34.61%
Expected tax expenses (C = A*B)	856.98	621.40
Permanent Difference		
Weighted deduction under section 35(2AB) under the Income Tax Act, 1961	(829.46)	(608.29)
Deduction under section 32AC of the Income Tax Act, 1961	(225.46)	(218.32)
Deduction under section 32AD of the Income Tax Act, 1961	(129.59)	-
Expenses disallowed under Income Tax Act, 1961	56.19	37.04
Profit on sale of subsidiary	(3.00)	-
Adjustment for taxes with respect to earlier years	(45.73)	-
Others	2.83	2.54
Total (D)	**(1,174.22)**	**(787.03)**
Profit after adjusting permanent difference	1,302.04	1,008.52
Expected tax expense	450.61	349.03
Total Tax expense	450.61	349.03
Effective Tax Rate	18.20%	19.44%

(c) The details of component of deferred tax assets are given under note 8.

(d) During the year ended March 31, 2017, the Company has paid dividend to its shareholders. This has resulted in payment of dividend distribution tax (DDT) to the taxation authorities. The Company believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence, DDT paid is charged to equity.

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(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 and governed by Payment of Gratuity Act, 1972. 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, 2017	March 31, 2016	April 01, 2015
A)	Net employee benefit expense (recognised in Employee benefits expenses)			
	Current service cost	9.41	6.67	5.18
	Interest cost	6.00	4.55	3.49
	Expected return on plan assets	(0.12)	(0.05)	(0.10)
	Net employee benefit expenses	**15.29**	**11.17**	**8.57**
	Actual return on plan asset	(0.12)	(0.05)	(0.10)
B)	Amount recognised in the Balance Sheet			
	Defined benefit obligation	96.51	74.90	56.87
	Fair value of plan assets	1.88	0.49	1.45
		94.63	74.41	55.42
C)	Changes in the present value of the defined benefit obligation			
	Opening defined benefit obligation	74.90	56.87	43.68
	Current service cost	9.41	6.67	5.18
	Interest cost	6.00	4.55	3.49
	Benefits paid	(3.72)	(5.51)	(2.89)
	Net Actuarial (gains) / losses on obligation for the year recognised under OCI	9.92	12.32	7.41
	Closing defined benefit obligation	**96.51**	74.90	56.87
D)	Change in the fair value of plan assets			
	Opening fair value of plan assets	0.49	1.45	1.25
	Expected return on plan assets	0.12	0.05	0.10
	Contributions	4.99	4.50	2.99
	Benefits paid	(3.72)	(5.51)	(2.89)
	Closing fair value of plan assets	**1.88**	**0.49**	**1.45**

The Company expects to contribute ₹ 7.50 to the gratuity fund in the next year (March 31, 2016: ₹ 7.50, April 01, 2015: 5.00) against the short term liability of ₹ 7.25 (March 31, 2016: ₹ 6.70, April 01, 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, 2017	March 31, 2016	April 01, 2015
Investments with SBI Life Insurance Company Limited		100%	100%	100%
E)	Remeasurement adjustments:			
	Experience loss/ (gain) on plan liabilities	-	(5.62)	-
	Experience loss/ (gain) on plan assets	-	-	-
	Financial loss/ (gain) on plan liabilities	-	-	-
	Financial loss/ (gain) on plan assets	9.92	17.94	7.41
	Demographic loss/ (gain) on plan liabilities	-	-	-
	Demographic loss/ (gain) on plan assets	-	-	-
	Remeasurement gains/(losses) recognised in other comprehensive income:	**9.92**	**12.32**	**7.41**

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

	March 31, 2017	March 31, 2016	April 01, 2015
Discount rate	8.00%	8.00%	8.00%
Expected rate of return on assets	8.50%	8.50%	8.50%
Salary rise	16.00%	16.00%	15.00%
Attrition Rate	12.00%	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.

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

(ii) Disclosure related to indication of effect of the defined benefit plan on the entity's future cashflows:
Expected benefit payments for the year ending:

Year ending	March 31, 2017	March 31, 2016	April 01, 2015
March 2017	31.88	21.85	13.15
March 2018	34.55	30.58	20.80
March 2019	46.43	34.22	29.95
March 2020	41.29	31.88	21.90
March 2021	31.19	24.13	17.27

The average duration of the defined benefit plan obligation at the end of the reporting period is 25.91 years (March 31, 2016: 26.17 years and April 01, 2015: 26.36 years).

(iii) Sensitivity analysis:
A quantitative sensitivity analysis for significant assumption is as shown below:

		March 31, 2017	March 31, 2016	April 01, 2015
(a)	Effect of 1% change in assumed discount rate on defined benefit obligation			
	- 1% increase	(11.00)	(8.63)	(6.43)
	- 1% decrease	13.13	10.29	15.27
(b)	Effect of 1% change in assumed salary escalation rate on defined benefit obligation			
	- 1% increase	0.32	6.71	4.60
	- 1% decrease	(0.31)	(5.63)	(3.90)
(c)	Effect of 1% change in assumed attrition rate on defined benefit obligation			
	- 1% increase	(11.00)	(8.63)	(6.43)
	- 1% decrease	13.13	10.29	7.64

(iv) Defined Contribution Plan

	March 31, 2017	March 31, 2016	April 01, 2015
Contribution to Provident Fund	81.88	60.54	50.41
Contribution to Superannuation Fund	11.35	7.18	6.44

30. Share based payments

ESOP 2011 Scheme

The board of directors/ compensation committee has approved the Laurus Employees Stock Option Scheme(ESOP) 2011 for issue of stock options 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. Options granted shall vest so long as the employee continues to be in the employment of the Company as on the date of vesting. Subject to an employee's continued employment with the Company, options can be exercised any time on or after the date of vesting of options as specified in the respective grants under the Scheme.

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to financial statements for the year ended March 31, 2017

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

ESOP 2016 Scheme

The board of directors/ compensation committee has approved the Laurus Employees Stock Option Scheme (ESOP) 2016 for issue of stock options to eligible employees of the Company effective from July 01, 2016. According to the Scheme, the options granted vest within a period of four years, subject to the terms and conditions specified in the scheme. Options granted shall vest so long as the employee continues to be in the employment of the Company as on the date of vesting. Subject to an employee's continued employment with the Company, options can be exercised any time on or after the date of vesting of options as specified in the respective grants under the Scheme.

Exercise period

Scheme	Grant	Number of options	Year 1-25%	Year 2-25%	Year 3-50%
ESOP 2011	Grant I	553,000	20-Sep-13	20-Sep-14	20-Sep-15
ESOP 2011	Grant II	28,000	19-Sep-14	19-Sep-15	19-Sep-16
ESOP 2011	Grant III	38,500	19-Sep-15	19-Sep-16	19-Sep-17
ESOP 2011	Grant IV	75,500	19-Sep-16	19-Sep-17	19-Sep-18
ESOP 2011	Grant V	185,438	19-Sep-17	19-Sep-18	19-Sep-19
ESOP 2016	Grant I	178,438	01-Jul-18	01-Jul-19	01-Jul-20

Scheme	Date of Grant	Number of options Granted *	Exercise price	Weighted Average Fair value of option at grant date
ESOP 2011	September 19, 2011	553,000	10	105.96
ESOP 2011	September 19, 2012	28,000	10	163.94
ESOP 2011	September 19, 2013	38,500	10	175.94
ESOP 2011	September 19, 2014	75,500	10	262.84
ESOP 2011	September 19, 2015	185,438	10	525.65
ESOP 2016	July 01, 2016	178,438	550	84.45

* The Company issued bonus shares in the ratio of 3 shares for every 1 share held.

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

	March 31, 2017	March 31, 2016	April 01, 2015
	No. of options	No. of options	No. of options
Outstanding at the beginning of the year	260,313	377,000	453,375
Granted during the year	8,250	177,188	75,500
Additional options on adjustment of bonus issue @3:1 on July 15, 2016	788,439	-	-
Forfeited during the year	32,002	38,500	19,750
Exercised during the year	118,500	255,375	132,125
Outstanding at the end of the year	906,500	260,313	377,000
Exercisable at the end of the year	-	-	5,000
Weighted average exercise price for all the above options	10	10	10

The details of activity under the Scheme ESOP 2016 are summarised below :

	March 31, 2017	March 31, 2016	April 01, 2015
	No. of options	No. of options	No. of options
Outstanding at the beginning of the year	-	-	-
Granted during the year	178,438	-	-
Additional options on adjustment of bonus issue @3:1 on July 15, 2016	518,064	-	-
Forfeited during the year	27,002	-	-
Exercised during the year	-	-	-
Outstanding at the end of the year	669,500	-	-
Exercisable at the end of the year	-	-	-
Weighted average exercise price for all the above options	550	-	-

For options exercised during the year, the weighted average share price at the exercise date under ESOP 2011 scheme, was ₹ 514.79 per share (March 31, 2016: ₹ 385.64 per share, April 01, 2015: ₹ 267.91 per share) and under ESOP 2016 scheme, was ₹ Nil per share (March 31, 2016: ₹ Nil per share, April 01, 2015: ₹ Nil per share).

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The weighted average remaining contractual life for the stock options outstanding under ESOP 2011 scheme as at March 31, 2017 is 3.19 years (March 31, 2016: 4.00 years, April 01, 2015: 2.24 years) and under ESOP 2016 as at March 31, 2017 is 4.26 years (March 31, 2016: Nil years, April 01, 2015: Nil years). The range of exercise prices for options outstanding under ESOP 2011 scheme as at March 31, 2017 was ₹ 10 (March 31, 2016: ₹ 10, April 01, 2015: 10) and under ESOP 2016 as at March 31, 2017 was ₹ 550 (March 31, 2016: ₹ Nil, April 01, 2015: ₹ Nil).

The weighted average fair value of stock options granted during the year under ESOP 2011 scheme was ₹ Nil (March 31, 2016: ₹ 525.65, April 01, 2015: ₹ 262.84) and under ESOP 2016 scheme was ₹ 84.45 (March 31, 2016: ₹ Nil, April 01, 2015: ₹ Nil). The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	March 31, 2017					
	ESOP 2011 scheme					ESOP 2016 scheme
	Grant V	Grant IV	Grant III	Grant II	Grant I	Grant I
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Expected volatility	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Risk-free interest rate	7.71%	8.56%	8.47%	8.01%	8.34%	7.03%
Weighted average share price of ₹	533.00	269.97	183.10	171.22	113.15	514.79
Exercise price of ₹	10.00	10.00	10.00	10.00	10.00	550.00
Expected life of options granted in years	3.51	3.50	3.50	3.50	3.51	2.50

	March 31, 2016					
	ESOP 2011 scheme					ESOP 2016 scheme
	Grant V	Grant IV	Grant III	Grant II	Grant I	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	-

	April 01, 2015					
	ESOP 2011 scheme					ESOP 2016 scheme
	Grant V	Grant IV	Grant III	Grant II	Grant I	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, 2017	March 31, 2016	April 01, 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	11.46	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	-	-	-

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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): (Contd.)

	March 31, 2017	March 31, 2016	April 01, 2015
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. In accordance with Indian Accounting Standard (Ind AS) 108 on Operating segments, segment information has been given in the consolidated financial statements of the Company, and therefore no separate disclosure on segment information is given in these financial statements.

33. Research and development

i). Details of Revenue expenditure (expensed as and when incurred):

	March 31, 2017	March 31, 2016	April 01, 2015
Cost of Materials Consumed			
Raw Materials Consumed	189.10	172.09	117.85
Employee Benefits Expenses			
Salaries, allowances and wages	357.06	268.52	225.97
Contribution to provident fund and other funds	23.80	16.97	15.06
Staff welfare expenses	29.95	24.54	21.99
Other Expenses			
Factory maintenance	1.23	1.08	0.94
Effluent treatment expenses	1.88	1.73	1.07
Power and Fuel	15.09	15.42	16.16
Product development	288.21	167.68	6.96
Testing and analysis charges	5.90	22.47	11.97
Rates and taxes	32.63	17.08	12.28
Insurance	7.53	4.24	3.95
Membership and subscription	6.86	6.33	2.30
Consultancy and other professional charges	30.73	24.99	17.13
Depreciation and Amortisation	64.16	53.01	44.32
Total	1,054.13	796.15	497.95

ii). Details of property, plant and equipment * :

Particulars	Buildings	Plant and Equipment	Furniture and Fixtures	Computers	Total Property, Plant and Equipment
Gross carrying value					
As at April 01, 2015 (Cost or deemed cost)	58.73	208.26	21.01	0.05	288.05
Additions	-	110.37	-	-	110.37
As at March 31, 2016	58.73	318.63	21.01	0.05	398.42
Additions	-	130.05	56.53	-	186.58
As at March 31, 2017	58.73	448.68	77.54	0.05	585.00

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

ii). Details of property, plant and equipment * : (Contd.)

Particulars	Buildings	Plant and Equipment	Furniture and Fixtures	Computers	Total Property, Plant and Equipment
Depreciation and Impairment					
Charge for the year	2.64	40.57	9.77	0.03	53.01
As at March 31, 2016	2.64	40.57	9.77	0.03	53.01
Charge for the year	2.64	51.07	10.56	0.02	64.29
As at March 31, 2017	5.28	91.64	20.33	0.05	117.30
Net carrying value					
As at April 01, 2015	58.73	208.26	21.01	0.05	288.05
As at March 31, 2016	56.09	278.06	11.24	0.02	345.41
As at March 31, 2017	53.45	357.04	57.21	-	467.70

* For details of pledge, refer note 3.

34. Related party disclosures

Names of related parties and description of relationship

Name of the related party	Relationship
Company which exercises significant influence	
i) Bluewater Investment Limited *	
Subsidiary Companies	
i) Viziphar Biosciences Private Limited **	
ii) Laurus Synthesis Inc.	
iii) Sriam Labs Private Limited ***	
Associate Company	
i) Sriam Labs Private Limited ***	
Enterprise over which Key Management Personnel exercise significant influence	
i) Laurus Infosystems (India) Private Limited	
Key Management Personnel	
i) Dr. C. Satyanarayana	Whole Time Director & Chief Executive Officer
ii) Dr. Raju S Kalidindi	Executive Director
iii) Mr. V.V. Ravi Kumar	Executive Director & Chief Financial Officer
iv) Mr. C. Chandrakanth ^	Executive Director
v) Mr. Amal Ganguli	Independent Director
vi) Mr. Frank J Wright	Independent Director
vii) Mr. Ramesh Subrahmanian	Independent Director (appointed w.e.f. August 09, 2016)
viii) Mr. Aruna Rajendra Bhinge	Independent Director (appointed w.e.f. July 07, 2016)
ix) Mr. Rajesh Chandy	Independent Director (appointed w.e.f. July 27, 2016)
x) Mr. G Venkateswar Reddy	Company Secretary (appointed w.e.f. January 18, 2016)
xi) Mrs. Janaki S	Company Secretary (appointed w.e.f. November 01, 2015 upto January 17, 2016)
xii) Mr. A Nagaraj Kumar	Company Secretary (resigned w.e.f. May 09, 2015)
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

* Cease to exercise significant influence effective from December 15, 2016

** Cease to be a subsidiary from April 01, 2016

*** Cease to be an associate and became subsidiary effective from November 01, 2016

^ Key Management Personnel effective from August 09, 2016

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

Transactions during the year:

			March 31, 2017	March 31, 2016
a)	Company which exercises significant influence			
	i)	Bluewater Investment Limited		
		Issue of bonus equity shares	224.92	-
		Conversion of CCPS - Series B to equity shares	0.13	-
		Conversion of CCPS - Series C to equity shares	41.53	-
b)	Subsidiary Companies			
	i)	Viziphar Biosciences Private Limited		
		Advances written off (net of provision)	-	2.30
		Advances recovered	-	1.00
	ii)	Laurus Synthesis Inc.		
		Investments made	-	70.13
		Contract research services	2.02	16.35
		Product development expenses	188.42	153.88
		Business promotion	37.87	16.93
		Commission	9.62	2.42
	iii)	Sriam Labs Private Limited		
		Investments made	209.96	-
		Conversion Charges	16.58	-
		Purchase of goods	107.13	-
		Sale of goods	31.98	-
		Sale of assets	1.48	-
c)	Associate Company			
	i)	Sriam Labs Private Limited		
		Advance given	-	35.00
		Conversion Charges	4.42	7.95
		Purchase of goods	121.26	160.26
		Sale of goods	22.95	4.83
		Sale of assets	12.30	1.19
d)	Enterprise over which Key Management Personnel exercise significant influence			
	i)	Laurus Infosystems (India) Private Limited		
		Purchase of software	11.59	-
		Software Maintenance	9.51	19.19
e)	Key Management Personnel			
	i)	Dr. C. Satyanarayana		
		Remuneration	115.93	77.03
	ii)	Dr. Raju S Kalidindi		
		Remuneration	24.76	23.04
	iii)	Mr. V.V. Ravi Kumar		
		Remuneration	24.76	23.04
		Rent	0.74	0.63
	iv)	Mr. C. Chandrakanth		
		Remuneration	5.34	-
	v)	Mr. Amal Ganguli		
		Remuneration	3.39	2.40
		Sitting Fee	0.35	-
	vi)	Mr. Frank J Wright		
		Remuneration	3.90	3.82
		Sitting Fee	0.40	-
	vii)	Mr. Ramesh Subrahmanian		
		Remuneration	1.30	-
		Sitting Fee	0.60	-

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Transactions during the year: (Contd.)

			March 31, 2017	March 31, 2016
	viii)	Mr. Aruna Rajendra Bhinge		
		Remuneration	1.48	-
		Sitting Fee	0.75	-
	ix)	Mr. Rajesh Chandy		
		Remuneration	1.82	-
		Sitting Fee	0.30	-
	x)	Mr. G.Venkateswar Reddy		
		Remuneration	4.12	1.44
	xi)	Mrs. Janaki S		
		Remuneration	-	0.18
	xii)	Mr. A Nagaraj Kumar		
		Remuneration	-	1.06
f)	Relatives of Key Management Personnel			
	i)	Mr. C. Narasimha Rao		
		Remuneration	4.96	4.13
	ii)	Mr. C. Chandrakanth		
		Remuneration	2.82	6.35
	ii)	Mrs. C. Soumya		
		Rent	1.38	1.25

Closing Balances (Unsecured)

			March 31, 2017	March 31, 2016	April 01, 2015
a)	Subsidiary Companies				
	i)	Viziphar Biosciences Private Limited			
		Disclosed under other current assets	-	-	3.80
	ii)	Laurus Synthesis Inc.			
		Disclosed under short term loans & advances	6.40	-	-
		Disclosed under other current assets	-	1.33	1.25
		Disclosed under trade payables	-	63.76	-
		Disclosed under trade receivables	-	16.74	-
	iii)	Sriam Labs Private Limited			
		Disclosed under short term loans & advances	272.01	-	-
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)	Enterprise over which Key Management Personnel exercise significant influence				
	i)	Laurus Infosystems (India) Private Limited			
		Trade Payables	-	1.75	-
d)	Key Management Personnel				
	i)	Dr. C. Satyanarayana*			
		Remuneration payable	58.06	38.50	-
	ii)	Dr. Raju S Kalidindi*			
		Remuneration payable	8.51	7.70	-
	iii)	Mr. V.V. Ravi Kumar			
		Remuneration payable	8.51	7.70	-
		Rent Payable	0.06	0.05	0.09

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Closing Balances (Unsecured) (Contd.)

			March 31, 2017	March 31, 2016	April 01, 2015
	iv)	Mr. C. Chandrakanth			
		Remuneration payable	2.49	-	-
	v)	Mr. G.Venkateswar Reddy			
		Remuneration payable	0.69	0.21	-
	vi)	Mr. A Nagaraj Kumar			
		Remuneration payable	-	-	0.43
e)	Relatives of Key Management Personnel				
	i)	Mr. C. Narasimha Rao			
		Remuneration payable	1.27	0.87	0.50
	ii)	Mr. C. Chandrakanth			
		Remuneration payable	-	1.42	0.86
	iii)	Mrs. C. Soumya			
		Rent Payable	0.11	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 ₹ 7,736.54 (March 31,2016: ₹ 9,042.51, April 01, 2015: ₹ 8,149.63).

The advance given to subsidiaries/ associate are in the nature of trade advances against orders for supply of goods & services and accordingly disclosures on maximum amount of loans/ advances/ investments during the year as required under regulation 53 (f) read with para A of Schedule V of Securities And Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 has not been disclosed.

The Company has provided guarantees for ₹ 820.28 (March 31, 2016: ₹ 132.67, April 01, 2015: ₹ Nil) in the form of Standby Letter of Credit (SBLC) to Citi Bank NA and Corporate guarantee to Andhra Bank for the loans obtained by Laurus Synthesis Inc. and Sriam Labs Private Limited respectively, 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.

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. Outstanding balances at the year-end are unsecured.

35. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

(A) Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

(i) Lease commitments - the Company as lessor

The Company has entered into agreements to manufacture and supply API and intermediates produced at a dedicated blocks located at Unit-1 and Unit-5 constructed exclusively for the lessee. The Company has identified assets under operating and finance lease based on the factors indicated under Appendix C to Ind AS 17 and terms of the agreement, viz., economic life of the asset vs. lease term, ownership of the asset after the lease term

(ii) Lease commitments - the Company as lessee

The Company has entered into leases for land and office premises. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the land and office premises and the fair value of the asset, that it does not retain significant risks and rewards of ownership of the land and the office premises and accounts for the contracts as operating leases.

(iii) Taxes

The Company has a Minimum Alternate Tax (MAT) credit of ₹ 1,467.37 as on March 31, 2017 (March 31, 2016: 989.58, April 01, 2015: 633.98). The Company recognises MAT credit available as an asset only to the extent that there is convincing evidence that the

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Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. The Company based on its future projections of profit believes that the MAT credit would be utilized from financial year 2017-18.

(B) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(i) Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimation requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The Black Scholes valuation model has been used by the Management for share-based payment transactions. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 30.

(ii) Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(iii) Defined employee benefit plans (Gratuity)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries. Further details about gratuity obligations are given in Note 29.

(iv) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See note 37 and 38 for further disclosures.

(v) Depreciation on property, plant and equipment

Depreciation on property, plant and equipment is calculated on a straight-line basis using the rates arrived at based on the useful lives and residual values of all its property, plant and equipment estimated by the management. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of property, plant and equipment, though these rates in certain cases are different from lives prescribed under Schedule II of the Companies Act, 2013.

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36. Hedging activities and derivatives

Derivatives not designated as hedging instruments

The Company uses foreign currency denominated borrowings and foreign exchange forward contracts to manage some of its transaction exposures. The foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from one week to twelve months.

37. Fair Values

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments:

	Carrying value			Fair value		
	March 31, 2017	March 31, 2016	April 01, 2015	March 31, 2017	March 31, 2016	April 01, 2015
Financial assets at fair value through profit & loss:						
Investments	27.30	-	-	27.30	-	-
Financial assets at amortised cost:						
Loans	130.93	74.80	46.34	130.93	74.80	46.34
Deposits and others	71.03	7.66	166.69	71.03	7.66	166.69
Trade receivables	5,619.56	4,437.01	2,850.45	5,619.56	4,437.01	2,850.45
Cash & cash equivalents	7.49	89.54	362.08	7.49	89.54	362.08
Bank balances other than above	16.68	159.68	202.08	16.68	159.68	202.08
Financial liabilities at amortised cost:						
Borrowings (Non-current and Current)	7,813.17	10,145.10	8,185.80	7,813.17	10,145.10	8,185.80
Interest accrued	26.83	45.92	40.35	26.83	45.92	40.35
Trade Payables	2,505.95	2,507.60	2,300.74	2,505.95	2,507.60	2,300.74
Capital Creditors and others	562.07	303.08	341.18	562.07	303.08	341.18
Financial liabilities at fair value through profit & loss:						
Derivative contracts	23.51	24.51	0.22	23.51	24.51	0.22

The management assessed that cash and cash equivalents, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Further, the management has assessed that fair value of borrowings approximate their carrying amounts largely since they are carried at floating rate of interest.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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38. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at March 31, 2017:

	Fair value measurement using				
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets at fair value through profit or loss:					
Investments	March 31, 2017	27.30	-	27.30	-
Financial liabilities at fair value through profit & loss:					
Forward Contracts (Derivatives)	March 31, 2017	23.51	-	23.51	-

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at March 31, 2016:

	Fair value measurement using				
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial liabilities at fair value through profit & loss:					
Forward Contracts (Derivatives)	March 31, 2016	24.51	-	24.51	-

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at April 01, 2015:

	Fair value measurement using				
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial liabilities at fair value through profit & loss:					
Derivative contracts	April 01, 2015	0.22	-	0.22	-

During the year ended March 31, 2017 and March 31, 2016, there were no transfers between Level 2 fair value measurements.

Measurement of Fair Value

Valuation techniques

The following table shows the valuation techniques used in measuring Level 2 fair values for assets and liabilities carried at fair value through profit or loss.

Type	Valuation Technique
Assets measured at fair value:	
Investments	The fair value is determined based on value per share derived from net worth of the Company as at the reporting date.
Liabilities measured at fair value:	
Derivative contracts	The fair value is determined using quoted forward exchange rates at the reporting date.

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39. Financial risk management objectives and policies

Financial Risk Management Framework

The Company is exposed primarily to Credit Risk, Liquidity Risk and Market risk (fluctuations in foreign currency exchange rates and interest rate), which may adversely impact the fair value of its financial instruments. The Company assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company.

A Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk, except for trade receivables.

Trade receivables:

The customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on the individual credit limits are defined in accordance with this assessment and outstanding customer receivables are regularly monitored. At March 31, 2017, the Company had 5 customers (March 31, 2016: 5 customers; April 01, 2015: 4 customers) that owed the Company more than ₹ 365.96 each (March 31, 2016: ₹ 126.62 each; April 01, 2015: ₹ 37.89 each) and accounted for approximately 60% (March 31, 2016: 62%, April 01, 2015: 53%) of all the receivables outstanding. The Company' receivables turnover is quick and historically, there was no significant defaults on account of those customer in the past. Ind AS requires an entity to recognise in profit or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised in accordance with Ind AS 109. The Company assesses at each date of statements of financial position whether a financial asset or a group of financial assets is impaired. Expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information.

Before accepting any new customer, the Company uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed on periodic basis. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix.

Exposure to credit risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 5,619.56, ₹ 4,437.01 and ₹ 2,850.45 as of March 31, 2017, March 31, 2016 and April 01, 2015 respectively, being the total of the carrying amount of balances with trade receivables.

B Liquidity Risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

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

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	Up to 1 Year	1 to 3 years	3 to 5 years	> 5 years	Total
March 31, 2017:					
Non current borrowings (including current maturities)	660.49	809.61	192.49	-	1,662.59
Current borrowings	6,150.58	-	-	-	6,150.58
Interest payable	26.83	-	-	-	26.83
Trade Payables	2,505.95	-	-	-	2,505.95
Other Payables	562.07	-	-	-	562.07
	9,905.92	809.61	192.49	-	10,908.02
March 31, 2016:					
Non current borrowings (including current maturities)	865.51	3,103.34	1,294.06	200.00	5,462.91
Current borrowings	4,682.19	-	-	-	4,682.19
Interest payable	45.92	-	-	-	45.92
Trade Payables	2,507.60	-	-	-	2,507.60
Other Payables	303.08	-	-	-	303.08
	8,404.30	3,103.34	1,294.06	200.00	13,001.70
April 01, 2015:					
Non current borrowings (including current maturities)	849.06	2,130.06	727.65	162.68	3,869.45
Current borrowings	4,316.35	-	-	-	4,316.35
Interest payable	40.35	-	-	-	40.35
Trade Payables	2,300.74	-	-	-	2,300.74
Other Payables	341.18	-	-	-	341.18
	7,847.68	2,130.06	727.65	162.68	10,868.07

C Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. In order to optimize the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

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Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on borrowings, as follows:

	Change in basis points		Effect on profit before tax	
	Increase	Decrease	Decrease	Increase
March 31, 2017				
Indian Rupees	0.50%	0.50%	(42.30)	42.30
US Dollars	0.50%	0.50%	(6.48)	6.48
March 31, 2016				
Indian Rupees	0.50%	0.50%	(43.69)	43.69
US Dollars	0.50%	0.50%	(8.28)	8.28

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

Foreign Currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar against the functional currencies of the Company. The Company, as per its risk management policy, uses derivative instruments primarily to hedge foreign exchange. The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in line with its risk management policies. The information on derivative instruments is as follows:

a) **Forward Contract (Derivatives):**

Forward contract outstanding as at Balance Sheet date:

March 31, 2017 Buy US $ 17,245,117	Hedging of borrowings and creditors
March 31, 2016 Buy US $ 12,918,777	Hedging of borrowings and creditors
March 31, 2015 Buy US $ 35,361,430	Hedging of borrowings and creditors

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b) Details of Unhedged Foreign Currency Exposure:

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

	Currency	March 31, 2017			March 31, 2016			April 01, 2015		
		Amount in Foreign Currency	Amount in ₹	Conversion Rate	Amount in Foreign Currency	Amount in ₹	Conversion Rate	Amount in Foreign Currency	Amount in ₹	Conversion Rate
Secured loans	USD	4,515,133	292.75	64.84	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	92,971	6.03	64.84	41,053	2.72	66.33	12,715	0.80	62.59
Trade payables	USD	17,404,875	1,128.51	64.84	22,418,399	1,487.08	66.33	14,276,948	893.61	62.59
	EURO	418,643	28.99	69.25	537,808	40.39	75.10	197,321	13.32	67.51
	GBP	2,802	0.23	80.88	9,982	0.95	95.09	1,200	0.11	92.46
	CAD	19,687	1.00	50.82	-	-	-	-	-	-
Capital creditors	USD	87,600	5.68	64.84	-	-	-	250	0.02	62.59
	GBP	21	0.00 *	80.88	-	-	-	6,136	0.57	92.46
	CHF	-	-	-	2,147	0.15	68.54	-	-	-
	EURO	388,226	26.88	69.25	-	-	-	-	-	-
Trade receivables	USD	20,204,199	1,310.01	64.84	11,187,721	742.11	66.33	9,617,995	602.00	62.59
	EURO	3,012,737	208.62	69.25	816,892	61.34	75.10	1,672,162	112.89	67.51
	GBP	199,013	16.10	80.88	-	-	-	-	-	-
Cash & Bank	USD	2,840	0.18	64.84	1,240,991	82.32	66.33	1,724,426	107.93	62.59
	AED	20	0.00 *	17.62	-	-	-	-	-	-
	BRL	249	0.01	20.70	-	-	-	-	-	-
Advances from customers	USD	6,594,669	427.59	64.84	1,728,828	114.68	66.33	49,844	3.12	62.59
	EURO	9,670,637	669.67	69.25	2,237,684	168.04	75.10	2,315,854	156.34	67.51
Advances recoverable in cash or kind	USD	615,139	39.88	64.84	172,619	11.45	66.33	349,592	21.88	62.59
	EURO	235,381	16.30	69.25	176,845	13.28	75.10	238,987	16.13	67.51
	GBP	54,829	4.43	80.88	13,750	1.31	95.09	21,043	1.95	92.46
	CHF	3,664	0.24	64.91	-	-	-	6,313	0.41	64.83
	JPY	77,310	0.04	0.58	-	-	-	505,000	0.26	0.52
	CNY	-	-	-	-	-	-	4,120	0.04	10.20
	ZAR	-	-	-	-	-	-	330	0.00*	5.17
	HKD	-	-	-	-	-	-	90	0.00*	8.06

* Amount less than Indian Rupees 10,000.

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c) Foreign currency sensitivity:

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EURO exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including foreign currency derivatives. The Company's exposure to foreign currency changes for all other currencies is not material.

	Change in USD rate		Effect on profit before tax	
	Increase	Decrease	Increase/(Decrease)	
March 31, 2017				
USD	1.00%	1.00%	(5.10)	5.10
EURO	1.00%	1.00%	(5.01)	5.01
March 31, 2016				
USD	1.00%	1.00%	(20.59)	20.59
EURO	1.00%	1.00%	(1.34)	1.34

40. Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, compulsorily convertible preference shares, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure in consideration to the changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company intends to keep the gearing ratio between 0.5 to 1.5. The Company includes within net debt, borrowings including interest accrued on borrowings less cash and short-term deposits.

	March 31, 2017	March 31, 2016	April 01, 2015
Borrowings including interest accrued on borrowings (Note 14)	7,840.00	10,191.02	8,226.15
Less: cash and short-term deposits (Note 11)	(24.17)	(249.22)	(564.16)
Net debt	**7,815.83**	**9,941.80**	**7,661.99**
Equity	1,057.56	823.80	821.25
Other Equity	12,524.27	7,899.94	6,439.05
Total Equity	**13,581.83**	**8,723.74**	**7,260.30**
Gearing ratio (Net Debt/ Total Equity)	0.58	1.14	1.06

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2017.

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41. First time adoption of Ind AS

These are the Company's first set of financial statements which have been prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2016, the Company had prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for the year ending on March 31, 2017, together with the comparative period data as at and for the year ended March 31, 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 01, 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 01, 2015 and the financial statements as at and for the year ended March 31, 2016.

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

(a) The Company has elected to regard carrying values for all of property, plant and equipment as deemed cost at the date of the transition.

(b) Appendix C to Ind-AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind-AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Company has used Ind AS 101 exemption and assessed all arrangements based for embedded leases based on conditions in place as at the date of transition.

(c) Ind AS 101 requires a first-time adopter to apply derecognition requirements in Ind AS 109 prospectively to transactions occurring on or after the date of transition to Ind AS. Accordingly, the Company continues to de-recognise the financial assets and financial liabilities for transactions which have occurred before the date of transition to Ind AS.

(d) In the preparation of separate financial statements, Ind AS 27 Separate Financial Statements requires an entity to account for its investments in subsidiaries, jointly controlled entities and associates either:

a) At cost, or
b) In accordance with Ind AS 109.

If a first-time adopter measures such an investment at cost, it can measure that investment at one of the following amounts in its separate opening Ind AS balance sheet:

- Cost determined in accordance with Ind AS 27
- Deemed cost, defined as - Fair value determined in accordance with Ind AS 113 at the date of transition to Ind AS, or - Previous GAAP carrying amount at the transition date.

A first-time adopter may choose to use either of these bases to measure investment in each subsidiary, joint venture or associate where it elects to use a deemed cost. Accordingly, the Company has opted to carry the investment in subsidiaries and associate at the Previous GAAP carrying amount at the transition date.

Estimates

The estimates as at April 01, 2015 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from impairment of financial assets based on expected credit loss model where application of Indian GAAP did not require estimation. The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at April 01, 2015 (transition date), March 31, 2016 and March 31, 2017.

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

42. Reconciliation with Indian GAAP:

A.1 Reconciliation of equity as previously reported under Indian GAAP to Ind AS as at March 31, 2016:

		Indian GAAP	Effect of transition to Ind AS	Ind AS
Assets				
Non Current Assets				
Property, plant and equipment	(i), (ii)	10,721.85	(646.20)	10,075.65
Capital work in progress		696.00	-	696.00
Intangible assets		63.88	-	63.88
Investments in subsidiaries and associate		261.24	-	261.24
Financial assets				
Loans	(iii)	71.09	(3.45)	67.64
Deposits and others		7.66	-	7.66
Other non-current assets	(i), (iii), (iv), (vi)	1,281.05	(690.93)	590.12
Non-current tax assets		7.44	-	7.44
Deferred tax assets (Net)	(iv), (v)	(447.76)	996.46	548.70
		12,662.45	**(344.12)**	**12,318.33**
Current Assets				
Inventories		4,870.93	-	4,870.93
Financial assets				
Loans		7.16	-	7.16
Trade receivables		4,437.01	-	4,437.01
Cash & cash equivalents		89.54	-	89.54
Bank balances other than above		159.68	-	159.68
Other current assets	(i), (iii), (vi), (vii)	408.95	(3.34)	405.61
		9,973.27	(3.34)	9,969.93
Total Assets		22,635.72	(347.46)	22,288.26
Equity and Liabilities				
Equity				
Equity share capital		823.80	-	823.80
Other equity		7,850.15	49.79	7,899.94
Total Equity		8,673.95	49.79	8,723.74
Non Current Liabilities				
Financial liabilities				
Borrowings	(vi)	4,606.28	(8.88)	4,597.40
Provisions		67.71	-	67.71
Other non-current liabilities	(ii)	441.56	(276.90)	164.66
		5,115.55	**(285.78)**	**4,829.77**
Current Liabilities				
Financial liabilities				
Borrowings		4,682.19	-	4,682.19
Trade payables	(vii), (xi)	2,500.34	7.26	2,507.60
Current maturities and other liabilities	(vi)	1,244.59	(5.57)	1,239.02
Provisions	(xvi)	135.91	(59.39)	76.52
Current tax liabilities		60.10	-	60.10
Other current liabilities	(ii)	223.09	(53.77)	169.32
		8,846.22	(111.47)	8,734.75
Total Equity and Liabilities		22,635.72	(347.46)	22,288.26

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A.2 Reconciliation of equity as previously reported under Indian GAAP to Ind AS as at April 01, 2015:

	Notes	Indian GAAP	Effect of transition to Ind AS	Ind AS
Assets				
Non Current Assets				
Property, plant and equipment	(i), (ii)	7,944.14	(602.48)	7,341.66
Capital work in progress		1,072.54	-	1,072.54
Intangible assets		61.15	-	61.15
Investments in subsidiaries and associate		191.11		191.11
Financial assets				
Loans	(iii)	42.08	(2.97)	39.11
Deposits and others		81.31	-	81.31
Other non-current assets	(i), (iii), (iv), (vi)	963.97	(394.35)	569.62
Non-current tax assets		7.44	-	7.44
Deferred tax assets (Net)	(iv), (v)	(113.00)	650.87	537.87
		10,250.74	**(348.93)**	**9,901.81**
Current Assets				
Inventories		4,754.96	-	4,754.96
Financial assets				
Loans		7.23	-	7.23
Trade receivables		2,850.45	-	2,850.45
Cash & cash equivalents		362.08	-	362.08
Bank balances other than above		202.08	-	202.08
Deposits and others		85.38	-	85.38
Other current assets	(i), (iii), (vi), (vii)	354.46	(48.91)	305.55
		8,616.64	**(48.91)**	**8,567.73**
Total Assets		18,867.38	(397.84)	18,469.54
Equity and Liabilities				
Equity				
Equity share capital		821.25	-	821.25
Other equity		6,470.95	(31.90)	6,439.05
Total Equity		**7,292.20**	**(31.90)**	**7,260.30**
Non Current Liabilities				
Financial liabilities				
Borrowings	(vi)	3,036.77	(16.38)	3,020.39
Provisions		51.26	-	51.26
Other non-current liabilities	(ii)	446.58	(292.28)	154.30
		3,534.61	**(308.66)**	**3,225.95**
Current Liabilities				
Financial liabilities				
Borrowings		4,316.35	-	4,316.35
Trade payables	(vii)	2,300.52	0.22	2,300.74
Current maturities and other liabilities	(vi)	1,239.69	(8.88)	1,230.81
Provisions		54.52	-	54.52
Current tax liabilities		37.52	-	37.52
Other current liabilities	(ii)	91.97	(48.62)	43.35
		8,040.57	**(57.28)**	**7,983.29**
Total Equity and Liabilities		18,867.38	(397.84)	18,469.54

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to financial statements for the year ended March 31, 2017

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

B.1 Reconciliation of Statement of Profit and Loss as previously reported under Indian GAAP to Ind AS for the year ended March 31, 2016:

		Indian GAAP	Effect of transition to Ind AS	Ind AS
Revenue from Operations (Gross)	(viii), (x)	18,142.44	(61.94)	18,080.50
Excise duty	(x)	(334.08)	334.08	-
Other Income	(viii)	5.79	13.33	19.12
Total Revenue (I)		17,814.15	285.47	18,099.62
Expenses				
Cost of Materials Consumed		10,145.06	-	10,145.06
Purchase of Traded Goods		149.50	-	149.50
Increase in Inventories of Finished Goods and Work-in-Progress		(250.78)	-	(250.78)
Excise duty on sale of goods	(x)	-	334.08	334.08
Employee Benefits Expenses	(xv)	1,712.18	(12.32)	1,699.86
Other Expenses	(ix), (xi), (xii), (xiii)	2,304.79	(22.39)	2,282.40
Total Expenses (II)		14,060.75	299.37	14,360.12
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) (I-II)		3,753.40	(13.90)	3,739.50
Depreciation and Amortisation	(viii), (xii)	915.67	(57.79)	857.88
Finance Income	(ix)	(23.60)	(0.74)	(24.34)
Finance Expenses		1,110.41	-	1,110.41
Profit Before Tax		1,750.92	44.63	1,795.55
Tax Expense				
Current tax		380.64	-	380.64
Adjustment of current tax relating to earlier years		(25.04)	-	(25.04)
Deferred tax credit		(45.88)	14.27	(31.61)
Adjustment of deferred tax relating to earlier years		25.04	-	25.04
Total tax expense		334.76	14.27	349.03
Profit for the year		1,416.16	30.36	1,446.52
Other Comprehensive Income (OCI)				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Re-measurement loss on employee defined benefit plans	(xv)	-	(12.32)	(12.32)
Deferred tax credit		-	4.26	4.26
Total other comprehensive income for the year, net of tax		-	(8.06)	(8.06)
Total comprehensive income for the year, net of tax		1,416.16	22.30	1,438.46

C. Notes to reconciliation of equity as at April 01, 2015 and March 31, 2016 and statement of profit or loss for the year ended March 31, 2016:

(i) Leasehold Land

The Company carries leasehold land in its books of accounts. As per Indian GAAP, leasehold land was classified as property, plant and equipment and was amortised over the period of lease tenure. However, as per Ind AS, premium paid is considered as prepayment of lease charges and is charged to Statement of profit and loss over the period of lease. The unamortised prepayments are disclosed under other non-current and current assets. This has resulted in decrease of carrying value of property, plant and equipment and increase in other non-current and current prepayments as at March 31, 2016 by ₹ 315.53 (April 01, 2015: ₹ 261.58).

(ii) Lease Assets

The Company has entered into agreement to manufacture and supply intermediates produced at a dedicated block constructed exclusively for the customer. The Company had recognised revenue on the reimbursements of fixed costs (depreciation) in the Indian GAAP. However, as per Ind AS, based on the terms of the arrangement, the dedicated block constructed for customer

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to financial statements for the year ended March 31, 2017

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

is considered as lease asset. Accordingly, the Company has identified assets into operating and finance lease based on the factors indicated under Appendix C to Ind AS 17 and terms of the agreement, viz., economic life of the asset vs. lease term, ownership of the asset after the lease term. Consequently, the assets, which have been classified as finance lease, have been derecognised from property, plant and equipment and adjusted against advance received from the customer. This has resulted in decrease of net block of property, plant and equipment and decrease in advance from customers as at March 31, 2016 by ₹ 330.67 (April 01, 2015: ₹ 340.90).

(iii) Security Deposit

The Company has paid interest free security deposits for office premises and effluent treatment process facility. As per Indian GAAP, the Company has recognised the security deposit under other non-current assets. As per Ind AS, (i) the security deposits are to be recognised at fair value, (ii) interest income on such security deposits are to be recognised through effective interest method and (iii) lease expense to be amortised over the period of lease on a straight line basis. Accordingly, the Company has recognised the security deposit at present value using the market rate of interest and the differential deposit amount is recognised over the period of lease. This has resulted in decrease of security deposits and increase of non-current and current deferred lease expenses as at March 31, 2016 by ₹ 3.45 (April 01, 2015: ₹ 2.97).

(iv) MAT Credit entitlement

MAT credit entitlement is to be presented under loans and advance in accordance with Guidance Note on "Accounting for Credit available in respect of MAT under the Income Tax Act, 1961" issued by ICAI. However, as per Ind AS, MAT credit entitlement is generally recognized as a deferred tax asset with a corresponding deferred tax benefit in the statement of profit and loss. Accordingly, the Company has reclassified the MAT credit entitlement from loans and advances to deferred tax assets as at March 31, 2016 ₹ 989.58 (April 01, 2015: ₹ 633.98).

(v) Deferred Tax Assets

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires accounting for deferred taxes using the Balance sheet approach, which focuses on temporary difference between the carrying amount of an asset or liability in the Balance Sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. In addition, the various transitional adjustments lead to temporary differences and the Company has accounted for such differences. Deferred tax adjustment are recognised in correlation to the underlying transaction either in retained earnings or a separate component in equity. Accordingly, the Company has recognised deferred tax assets/ (liabilities) as at March 31, 2016 for ₹ 6.88 (April 01, 2015: ₹ 16.89).

(vi) Borrowings

Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised over the period. However, as per Ind AS 109, transaction costs (origination fees paid on financial liabilities) are considered as an integral part of the effective interest rate of the financial liability. Accordingly, the Company has adjusted unamortised processing fee paid towards the outstanding borrowings under financial liabilities as at March 31, 2016 for an amount of ₹ 14.45 (April 01, 2015: ₹ 25.26).

(vii) Valuation of foreign currency forward contracts

The Company had certain outstanding foreign currency forward contracts to hedge certain of its foreign currency financial liabilities. Under Indian GAAP, premium/ discount on forward contracts was amortised over the period of forward contract and the outstanding forward contracts was restated as at the balance sheet date. However, under Ind AS 109, the foreign currency financial assets and liabilities are restated at closing rate and the derivative contracts are fair valued by recognising the mark-to-market gain/loss on the forward contract in the statement of profit and loss. Accordingly, the Company has fair valued the derivative contracts by recognising the mark-to-market gain/loss on the forward contract in the statement of profit and loss by derecognising the unamortised premium and reversing the restatement on outstanding forward contracts as at the balance sheet date. This has resulted in an eventual increase of trade payables and decrease in other current assets as at March 31, 2016 by ₹ 10.75 and ₹ 9.12 respectively (April 01, 2015: ₹ 0.22 and ₹ 48.57 respectively).

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to financial statements for the year ended March 31, 2017

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

(viii) Revenue

The Company has entered into agreement to manufacture and supply intermediates produced at a dedicated block constructed exclusively for the customer. The Company had recognised revenue on the reimbursements of fixed costs (depreciation on property, plant and equipment of the dedicated block) under Indian GAAP. However, as per Ind AS, based on the terms of the arrangement, the dedicated block constructed for customer is considered as a lease asset. Accordingly, the Company has identified such assets under finance lease and reversed the depreciation expenditure on such lease assets and reversed the revenue recognised on reimbursement of depreciation from the Customer. This has resulted in decrease of revenue and depreciation expense by ₹ 48.61. Further, the Company has continued to recognise lease rental income under other income on the assets which have been classified as operating lease. Accordingly, this has resulted in decrease of revenue and increase in other income by ₹ 13.33.

(ix) Finance Income

The Company has paid interest free security deposits for office premises and effluent treatment process. As per Ind AS, the Group has to recognise interest income on such security deposits through effective interest method and the excess of the principal amount of the deposit over its fair value is accounted for as prepaid lease expense and amortised over the lease term on a straight-line basis. Accordingly, the Company has recognised income on such security deposits through effective interest method and amortised the lease expenses over the period of lease on a straight line basis. This resulted in increase of other income and rental expense of March 31, 2016 by ₹ 0.74 and ₹ 0.84.

(x) Excise duty on sale of goods

As per Indian GAAP, excise duty should included in the turnover and should be shown as reduction from the gross turnover on the face of the statement of profit and loss. However, Ind AS 18 does not specifically prescribe any guidance for inclusive presentation of excise duty. Accordingly the Company has presented revenue gross of excise duty. This resulted in increase of revenue and increase of excise duty expense by ₹ 334.08.

(xi) Rent straight lining

As per Indian GAAP, the Company has provided additional expenditure towards rent straight lining. However, as per Ind AS, lease payments shall not be recognised as an expense on a straight-line basis over the lease term when the payments to the lessor are structured to increase in line with expected general inflation. Since, the Company has factored escalation clauses in the lease rental agreements based on the general inflation, no straight lining effect needs to be recognised in the statement of profit and loss. Accordingly, the Company has reversed the straight lining effect on rent. This resulted in decrease of rental expense and trade payables for March 31, 2016 by ₹ 3.49.

(xii) Leasehold Land

As per Ind AS, the premium paid on leasehold land is considered as prepayment of lease charges and same is charged to Statement of Profit and Loss over the period of lease. This resulted in increase of lease rental expense and decrease in depreciation for March 31, 2016 by ₹ 9.18.

(xiii) Valuation of foreign currency forward contracts

The Company had certain outstanding foreign currency forward contracts to hedge certain of its foreign currency financial liabilities. Under Indian GAAP, premium/ discount on forward contracts was amortised over the period of forward contract and the outstanding forward contracts was restated as at the balance sheet date. However, under Ind AS 109, the foreign currency financial assets and liabilities are restated at closing rate and the derivative contracts are fair valued by recognising the mark-to-market gain/loss on the forward contract in the statement of profit and loss. Accordingly, the Company has fair valued the derivative contracts by recognising the mark-to-market gain/loss on the forward contract in the statement of profit and loss by derecognising the unamortised premium and reversing the restatement on outstanding forward contracts as at the balance sheet date. This has resulted in reduction in loss on foreign exchange fluctuations by ₹ 28.92.

(xiv) Other comprehensive income

Under Indian GAAP, the Company has not presented other comprehensive income separately. Hence, it has reconciled Indian GAAP profit or loss to profit or profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

(xv) Remeasure of actuarial gains/ (losses):

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under

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to financial statements for the year ended March 31, 2017

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

Ind AS, remeasurements comprising of actuarial gains and losses are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus, the employee benefit cost for March 31, 2016 is reduced by 12.32 and remeasurement gains/ losses on defined benefit plans has been recognized in the OCI net of tax.

(xvi) Proposed dividend:

Under Indian GAAP, proposed dividends including DDT are recognised as a liability in the period to which they relate, irrespective of when they are declared. Under Ind AS, a proposed dividend is recognised as a liability in the period in which it is declared by the company (usually when approved by shareholders in a general meeting) or paid. In the case of the Company, the declaration of dividend occurs after period end. Therefore, the liability of ₹ 59.39 for the year ended 31 March 2016 recorded for dividend has been derecognised against retained earnings and adjusted as an appropriation for the year ended March 31, 2017.

(xvii) Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

43. Commitments and Contingencies

a. Leases

Operating lease commitments - Company as lessor

The company has entered into agreement to manufacture and supply intermediates produced at a dedicated block constructed exclusively for the lessee. The Company has identified assets under operating and finance lease based on the factors indicated under Appendix C to Ind AS 17 and terms of the agreement, viz., economic life of the asset vs. lease term, ownership of the asset after the lease term. This lease term of assets under operating lease is upto 10 years.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

	March 31, 2017	March 31, 2016	April 01, 2015
Within one year	39.24	13.74	13.38
After one year but not more than five years	156.97	54.96	53.53
More than five years	720.77	219.81	226.66
	916.98	**288.51**	**293.57**

Operating lease commitments - Company as lessee

The company has entered into operating leases agreement on Land, with lease terms between 33-51 years. Also, the Company has taken certain office premises on leases, with lease term of 5 years and is renewable for further periods. There are escalation clauses in the office premises lease agreement to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

	March 31, 2017	March 31, 2016	April 01, 2015
In case of land taken on lease			
Lease payment recognised in the statement of profit and loss	10.50	9.18	6.66
Minimum lease payments under non cancellable operating leases payable:			
Within one year	10.81	10.50	9.18
After one year but not more than five years	43.23	42.00	36.73
More than five years	254.62	263.03	215.66
	319.15	**324.71**	**268.24**

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to financial statements for the year ended March 31, 2017

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

b. Commitments

	March 31, 2017	March 31, 2016	April 01, 2015
Estimated amount of contracts remaining to be executed on capital account and not provided for	586.86	1,178.65	1,222.52
	Nil	Nil	Nil

c. Contingent Liabilities

		March 31, 2017	March 31, 2016	April 01, 2015
(i)	Outstanding bank guarantees (excluding performance obligations)	110.64	50.15	56.29
(ii)	Bills discounted	257.25	477.27	1,780.12
(iii)	Demand for direct taxes under appeal *	10.10	10.10	10.10
(iv)	Demand for indirect taxes under appeal **	101.03	-	-
(v)	Corporate guarantee	820.28	132.67	-
(vi)	Preference dividend	-	21.44	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, 2016: ₹ 10.10, April 01, 2015: ₹ 10.10). As against the same, the Company has paid tax under protest for ₹ 7.05 (March 31, 2016: ₹ 7.05, April 01, 2015: 7.05). The matter is pending before the Honourable High Court of Karnataka.

** Demand for indirect taxes majorly comprise demand for an amount of ₹ 99.78 (including 100% penalty on tax thereon) from the Commissioner of Central Excise, Customs & Service Tax, for the period October 2010 to March 2015, disputing that the Company is engaged in providing technical testing and analysis services performed in India but has not discharged service tax claiming them to be export of services. As against the same, the Company has paid tax under protest for ₹ 3.74 (March 31, 2016: ₹ Nil, April 01, 2015: Nil). The matter is pending before the Customs, Excise and Service Tax Appellate Tribunal.

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

Note : In addition to above, the Company has provided ₹ 7.45 (March 31, 2016: ₹ Nil, April 01, 2015: ₹ Nil). All these cases are under litigations and are pending with various authorities, expected timing of resulting outflow of economic benefits cannot be specified.

44. Expenditure during construction period (pending allocation)

	March 31, 2017	March 31, 2016	April 01, 2015
Opening Balance	3.67	24.50	16.83
Add:			
Rates and Taxes	-	-	9.32
Power and fuel	9.27	8.57	20.58
Rent	0.55	2.14	3.28
Factory maintenance	4.34	3.35	5.06
Insurance	0.84	0.34	1.61
Others	0.50	0.51	0.29
Less:			
Capitalised during the year	18.48	35.74	32.47
	0.69	**3.67**	**24.50**

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to financial statements for the year ended March 31, 2017

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

45. The Company has completed the Initial Public Offer (IPO) of 31,116,785 equity shares of ₹ 10 each at an issue price of ₹428 per share (₹ 388 per share for eligible employees), consisting of fresh issue of 7,009,345 equity shares and an offer for sale of 24,107,440 equity shares by selling shareholders. The equity shares of the Company were listed on BSE Limited ('BSE') and National Stock Exchange of India Limited ('NSE'), w.e.f from December 19, 2016.

Particulars	As per Prospectus	Utilised upto March 31, 2017	Unutilised amount as at March 31, 2017
Pre-payment of term loans	2,262.90	2,262.90	-
General corporate purposes	596.34	596.34	-
Total	**2,859.24**	**2,859.24**	**-**

The Company had originally estimated ₹ 644.00 (inclusive of service tax) as IPO related expenses. Of such IPO related expenses, certain expenses (such as listing fee) aggregating to ₹ 5.78 are directly attributable to the Company. Remaining IPO related expenses aggregating to ₹ 638.22, have been allocated between the Company (₹ 143.77) and the selling shareholders (₹ 494.45) in proportion to the equity shares allotted to the public as fresh issue by the Company and under offer for sale by the selling shareholders. The company has incurred an amount of ₹ 592.11 (inclusive of service tax) towards IPO related expenses and does not expect any further expenditure. The remaining unspent amount of ₹ 51.89 has been re-allocated between the Company and the selling shareholders in the originally apportioned manner. Accordingly, an amount of ₹ 11.69 has been credited to securities premium and an amount of ₹ 40.20 is payable to the selling shareholders.

46. Disclosure on Specified Bank Notes (SBNs)

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification is given below:

	SBNs*	Other denomination notes	Total
Closing cash in hand as on November 08, 2016	2.28	1.58	3.86
Add: Permitted receipts	-	1.97	1.97
Less: Permitted payments	-	3.31	3.31
Less: Amount deposited in banks	2.28	0.05	2.33
Closing cash in hand as on December 30, 2016	-	0.19	0.19

*For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

As per our report of even date

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

For and on behalf of the Board of Directors
LAURUS LABS LIMITED (formerly known as Laurus Labs Private Limited)

per Vikas Kumar Pansari
Partner
Membership No. 093649

Place: Hyderabad
Date: May 18, 2017

Dr. C.Satyanarayana
Whole Time Director & Chief Executive Officer
DIN: 00211921

Place: Hyderabad
Date: May 18, 2017

V.V.Ravi Kumar
Executive Director & Chief Financial Officer
DIN: 01424180

G.Venkateswar Reddy
Company Secretary

Independent Auditor's Report

To the Members of
Laurus Labs Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Laurus Labs Limited (hereinafter referred to as "the Holding Company") andits 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, 2017, the consolidated Statement of Profit and Loss including other comprehensive income, the consolidated Cash Flow Statement, the consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "consolidated Ind AS 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 Ind AS financial statements in terms of the requirement of the Companies Act, 2013 ("the Act")that give a true and fair view of the consolidated financial position,consolidated financial performance including other comprehensive income,consolidated cash flows and consolidated statement of changes in equity 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 and the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group 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 controls,that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS 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 Ind AS 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 the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at March 31, 2017, their consolidated profit including other comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'Other Matter' paragraph,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 Ind AS financial statements;

(b) In our opinion proper books of account as required bylaw relating to preparation of the aforesaid

Independent Auditor's Report

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 including the Statement of Other Comprehensive Income, the consolidated Cash Flow Statement and consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017, except in case of one director who is no more, and taken on record by the Board of Directors of the Holding Company, and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies incorporated in India, none of the directors of the Group's companies incorporated in India is disqualified as on March 31, 2017 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 company incorporated in India, refer to our separate report in "Annexure 1" to this report;

(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 and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and associate, as noted in the 'Other Matter' paragraph:

   i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group– Refer Note 45c (iii) and (iv)to the consolidated Ind AS financial statements;

   ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2017;

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiaries incorporated in India during the year ended March 31, 2017; and

   iv. The Holding Company and its subsidiary company incorporated in India, have provided requisite disclosures in Note 48 to these consolidated Ind AS financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation of the Holding Company regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Group and as produced to us by the Management of the Holding Company.

Other Matter

We did not audit the financial statements and other financial information, in respect of two subsidiaries, whose Ind AS financial statements include total assets of ₹ 1,187.70Mn and net assets of ₹ 102.48 Mn as at March 31, 2017, and total revenues of ₹ 525.97 Mn and net cash outflows of ₹ 20.92 Mn for the year ended on that date. The above financial information are before giving effect to any consolidation adjustments. These financial statement and other financial information 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 Ind AS financial statements also include the Group's share of net loss of ₹ 10.55 Mn for the period ended October 31, 2016, as considered in the consolidated financial statements, in respect of one associate, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated Ind AS 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) 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 above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

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: May 18, 2017

Annexure to the Auditor's Report

Annexure 1 to the Independent Auditor's Report of Even Date on the Consolidated Financial Statements of Laurus Labs Limted

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

In conjunction with our audit of the consolidated financial statements of Laurus Labs Limited as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of Laurus Labs Limited (herein after referred to as the "Holding Company") and its subsidiary 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 and its subsidiary 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 Matter 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 and its subsidiary 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, 2017, 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 Matter

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 one subsidiary company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary 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: May 18, 2017

Consolidated Balance Sheet

as at March 31, 2017

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

	Notes	March 31, 2017	March 31, 2016	April 01, 2015
Assets				
Non Current Assets				
Property, plant and equipment	3	12,123.43	10,146.39	7,346.51
Capital work in progress	3	1,432.56	696.00	1,096.69
Goodwill	4	97.39	-	-
Intangible assets	4	78.53	63.88	61.15
Investments in Associate	5	-	70.45	74.47
Financial assets				
Investments	6A	34.05	-	-
Loans	6B	109.74	77.13	48.01
Deposits and others	6C	45.95	7.78	81.42
Other non-current assets	7	502.75	590.12	569.62
Non-current tax assets	16	12.75	7.44	7.84
Deferred tax assets (Net)	8	698.86	548.72	537.87
		15,136.01	12,207.91	9,823.58
Current Assets				
Inventories	9	5,090.46	4,870.93	4,754.96
Financial assets				
Loans	6B	32.77	5.83	2.68
Trade receivables	10	5,676.05	4,448.57	2,850.66
Cash & cash equivalents	11A	24.23	128.06	395.28
Bank balances other than above	11B	16.68	159.68	202.09
Deposits and others	6C	63.74	-	85.38
Other current assets	7	494.26	414.26	312.57
		11,398.19	10,027.33	8,603.62
Total Assets		26,534.20	22,235.24	18,427.20
Equity and Liabilities				
Equity				
Equity share capital	12	1,057.56	823.80	821.25
Other equity		12,246.92	7,744.18	6,387.37
Total Equity		13,304.48	8,567.98	7,208.62
Non Current Liabilities				
Financial liabilities				
Borrowings	14A	1,245.62	4,597.40	3,020.39
Provisions	15	91.72	67.71	51.26
Other non-current liabilities	17	630.72	164.66	154.30
		1,968.06	4,829.77	3,225.95
Current Liabilities				
Financial liabilities				
Borrowings	14B	6,441.71	4,814.19	4,316.35
Trade payables	14C	2,630.99	2,476.12	2,308.09
Current maturities and other liabilities	14D	1,406.47	1,239.02	1,230.81
Provisions	15	101.22	76.52	54.52
Current tax liabilities	16	96.61	60.12	37.52
Other current liabilities	17	584.66	171.52	45.34
		11,261.66	8,837.48	7,992.62
Total Equity and Liabilities		26,534.20	22,235.24	18,427.20
Summary of significant accounting policies	2.2			

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

For and on behalf of the Board of Directors
LAURUS LABS LIMITED (formerly known as Laurus Labs Private Limited)

per Vikas Kumar Pansari
Partner
Membership No. 093649

Place: Hyderabad
Date: May 18, 2017

Dr. C.Satyanarayana
Whole Time Director & Chief Executive Officer
DIN: 00211921

Place: Hyderabad
Date: May 18, 2017

V.V.Ravi Kumar
Executive Director & Chief Financial Officer
DIN: 01424180

G.Venkateswar Reddy
Company Secretary

Consolidated Statement of Profit and Loss

for the year ended March 31, 2017

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

		Notes	For the year ended March 31, 2017	For the year ended March 31, 2016
I.	**Income**			
	Revenue from Operations (Gross)	18	19,315.49	18,109.86
	Other Income	19	319.33	19.26
	Total Revenue (I)		**19,634.82**	**18,129.12**
II.	**Expenses**			
	Cost of Materials Consumed	20	10,187.05	10,182.88
	Purchase of Traded Goods		129.60	149.50
	Increase in Inventories of Finished Goods and Work-in-Progress	21	(349.00)	(250.78)
	Excise duty on sale of goods		269.02	334.08
	Employee Benefits Expenses	22	2,462.31	1,885.17
	Other Expenses	23	2,540.16	2,187.03
	Total Expenses (II)		**15,239.14**	**14,487.88**
III.	**Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) (I-II)**		4,395.68	3,641.24
	Depreciation and Amortisation	3 & 4	1,059.82	864.09
	Finance Income	24A	(15.05)	(24.34)
	Finance Expenses	24B	998.96	1,111.09
IV.	**Profit Before Tax**		**2,351.95**	**1,690.40**
V.	**Tax Expense**	28		
	Current tax		533.09	380.66
	Adjustment of current tax relating to earlier years		-	(25.04)
	Deferred tax credit		(78.62)	(31.63)
	Adjustment of deferred tax relating to earlier years		(15.83)	25.04
	Total tax expense		**438.64**	**349.03**
VI.	Share of loss of an associate		(10.55)	(4.02)
VII.	**Profit for the year**		**1,902.76**	**1,337.35**
	Other Comprehensive Income (OCI)	25		
	Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
	Re-measurement loss on employee defined benefit plans		(10.55)	(12.32)
	Deferred tax credit		3.62	4.26
	Total other comprehensive income for the year, net of tax		**(6.93)**	**(8.06)**
	Total comprehensive income for the year, net of tax		**1,895.83**	**1,329.29**
	Earnings Per Equity Share ₹ 10/- each fully paid (March 31, 2016: ₹ 10/- each fully paid)	26		
	Computed on the basis of total profit for the year			
	Basic (₹)		20.78	21.37
	Diluted (₹)		18.79	13.59
	Summary of Significant Accounting Policies	2.2		

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

For and on behalf of the Board of Directors
LAURUS LABS LIMITED (formerly known as Laurus Labs Private Limited)

per Vikas Kumar Pansari
Partner
Membership No. 093649

Place: Hyderabad
Date: May 18, 2017

Dr. C.Satyanarayana
Whole Time Director & Chief Executive Officer
DIN: 00211921

Place: Hyderabad
Date: May 18, 2017

V.V.Ravi Kumar
Executive Director & Chief Financial Officer
DIN: 01424180

G.Venkateswar Reddy
Company Secretary

Consolidated Statement of Changes in Equity

for the year ended March 31, 2017

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

a. Equity Share Capital

Equity Shares of ₹ 10 Each, Fully paid up	No.	₹
As at April 01, 2015	15,511,880	155.12
Issued during the year	255,375	2.55
As at March 31, 2016	15,767,255	157.67
Issued during the year - ESOP	118,500	1.19
Converted from preference shares to equity shares	8,889,846	88.90
Issue of bonus shares	73,971,303	739.71
Issue of equity shares - IPO	7,009,345	70.09
As at March 31, 2017	105,756,249	1,057.56
0.001% Compulsorily Convertible Participatory Cumulative Preference Shares - Series A of ₹ 10/- each fully paid up	No.	₹
As at April 01, 2015	2,259,060	22.59
As at March 31, 2016	2,259,060	22.59
Converted during the year	(2,259,060)	(22.59)
As at March 31, 2017	-	-
0.001% Compulsorily Convertible Participatory Cumulative Preference Shares - Series B of ₹ 243/- each fully paid up	No.	₹
As at April 01, 2015	2,477,387	602.01
As at March 31, 2016	2,477,387	602.01
Converted during the year	(2,477,387)	(602.01)
As at March 31, 2017	-	-
0.001% Compulsorily Convertible Participatory Cumulative Preference Shares - Series C of ₹ 10/- each fully paid up	No.	₹
As at April 01, 2015	4,153,399	41.53
As at March 31, 2016	4,153,399	41.53
Converted during the year	(4,153,399)	(41.53)
As at March 31, 2017	-	-

b. Other Equity

	Reserves and surplus				Items of OCI	Total
	Capital reserve	Securities Premium	Employee Stock option	Retained Earnings	Foreign currency translation reserve	
As at April 01, 2015	17.92	4,045.63	29.45	2,294.57	(0.20)	6,387.37
Profit for the year	-	-	-	1,337.35	-	1,337.35
Other Comprehensive Income (Note 25)	-	-	-	(8.06)	5.09	(2.97)
Total Comprehensive Income	17.92	4,045.63	29.45	3,623.86	4.89	7,721.75
Transferred from Stock Options Outstanding	-	25.30	(25.30)	-	-	-
Expense arising from equity-settled share-based payment transactions	-	-	22.43	-	-	22.43
At March 31, 2016	17.92	4,070.93	26.58	3,623.86	4.89	7,744.18
Profit for the year	-	-	-	1,902.76	-	1,902.76
Other Comprehensive Income (Refer note 25)	-	-	-	(6.93)	1.74	(5.19)
Total Comprehensive Income	17.92	4,070.93	26.58	5,519.69	6.63	9,641.75

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

b. Other Equity (Contd.)

	Reserves and surplus				Items of OCI	Total
	Capital reserve	Securities Premium	Employee Stock option	Retained Earnings	Foreign currency translation reserve	
Transferred from Stock Options Outstanding	-	5.94	(5.94)		-	-
Expense arising from equity-settled share-based payment transactions	-	-	37.89	-	-	37.89
- Premium on conversion of CCPS	-	577.23	-	-	-	577.23
- Premium on IPO Allotment (net of share issue expenses) (Note 47)	-	2,789.15	-	-	-	2,789.15
- Issue of Bonus shares		(739.71)	-	-	-	(739.71)
Final dividend to equity and preference shareholders	-	-	-		-	-
- Final dividend on equity shares (Refer Note 12.2)	-	-	-	(31.53)	-	(31.53)
- Tax on final dividend on equity shares	-	-	-	(6.42)	-	(6.42)
- Final dividend on CCPCPS - Series A, Series B and Series C (Refer Note 12.3)	-	-	-	(17.81)	-	(17.81)
- Tax on final dividend on CCPCPS - Series A, Series B and Series C	-	-	-	(3.63)	-	(3.63)
At March 31, 2017	17.92	6,703.54	58.53	5,460.30	6.63	12,246.92

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

For and on behalf of the Board of Directors
LAURUS LABS LIMITED (formerly known as Laurus Labs Private Limited)

per Vikas Kumar Pansari
Partner
Membership No. 093649

Place: Hyderabad
Date: May 18, 2017

Dr. C.Satyanarayana
Whole Time Director & Chief Executive Officer
DIN: 00211921

Place: Hyderabad
Date: May 18, 2017

V.V.Ravi Kumar
Executive Director & Chief Financial Officer
DIN: 01424180

G.Venkateswar Reddy
Company Secretary

Consolidated Statement of Cash Flows

for year ended March 31, 2017

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

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Profit before tax	2,351.95	1,690.40
Cash flows from operating activities		
Adjustments for :		
Depreciation of property, plant and equipment	1,032.70	845.12
Amortisation of intangible assets	27.12	18.97
Loss on sale of fixed assets (net)	4.38	2.98
Interest income	(15.05)	(24.34)
Interest expenses	931.19	1,038.13
Share based payment expense	37.89	22.43
Net loss/ (gain) on foreign exchange fluctuations (unrealised)	(52.74)	35.15
Advances and bad debts written off (Net)	0.20	16.56
Allowance for/ (Reversal of) bad and doubtful advances and receivables	37.25	(5.32)
Profit on sale of investment	(3.19)	-
(Reversal of)/ allowance for insurance claim receivable	(39.35)	29.85
Gratuity and compensated absences	33.39	26.13
Operating profit before working capital changes	4,345.74	3,696.06
Movement In working capital:		
Increase in inventories	(123.13)	(115.97)
Increase in trade receivables	(1,201.85)	(1,607.11)
Increase in financial and non-financial assets	(78.76)	(142.36)
Increase in trade payables	(74.67)	180.39
Increase in financial, non-financial liabilities and provisions	953.87	141.31
Cash generated from operations	3,821.20	2,152.32
Income tax paid	(501.35)	(332.62)
Net cash flows from operating activities (A)	3,319.85	1,819.70
Cash flows used in investing activities		
Purchase of property, plant and equipment, including intangible assets, capital work in progress and capital advances	(2,774.99)	(3,268.08)
Proceeds from sale of property, plant and equipment	0.93	5.67
Proceeds from sale of investments in deposits	106.46	116.05
Purchase of financial instruments (Investments)	(34.05)	-
Acquisition of subsidiary (net of cash acquired) (refer note 40)	(203.14)	-
Disposal of subsidiary	3.00	-
Interest received	15.05	24.34
Net cash flows used in investing activities (B)	(2,886.74)	(3,122.02)
Net cash flows (used in)/ from financing activities		
Proceeds from issue of equity shares (net of share issue expenses: ₹ 137.86 (March 31, 2016: ₹ Nil))	2,860.43	2.55
Repayment of long - term borrowings	(4,390.88)	(1,330.49)
Proceeds from long - term borrowings	572.56	2,898.24
Proceeds from short - term borrowings (net)	1,431.55	495.46
Dividend paid	(49.34)	-
Tax on dividend	(10.05)	-
Interest paid	(950.35)	(1,032.56)
Net cash flows (used in)/from financing activities (C)	(536.08)	1,033.20

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

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Net Decrease in cash and cash equivalents (A+B+C)	(102.97)	(269.12)
Effect of exchange differences on cash and cash equivalents	(0.86)	1.90
Cash and cash equivalents at the beginning of the year	128.06	395.28
Cash and cash equivalents at the year end	**24.23**	**128.06**
Components of cash and cash equivalents:		
Cash on hand	2.20	2.31
Balances with banks		
On current accounts	19.46	125.26
On deposit accounts	2.57	0.49
Total cash and cash equivalents	**24.23**	**128.06**

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

For and on behalf of the Board of Directors
LAURUS LABS LIMITED (formerly known as Laurus Labs Private Limited)

per Vikas Kumar Pansari
Partner
Membership No. 093649

Place: Hyderabad
Date: May 18, 2017

Dr. C.Satyanarayana
Whole Time Director & Chief Executive Officer
DIN: 00211921

Place: Hyderabad
Date: May 18, 2017

V.V.Ravi Kumar
Executive Director & Chief Financial Officer
DIN: 01424180

G.Venkateswar Reddy
Company Secretary

Notes

to consolidated financial statements for the year ended March 31, 2017

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

1. Corporate information

The consolidated financial statements comprise financial statements of Laurus Labs Limited (the 'Company') and its subsidiaries (collectively, the 'Group') and its associate for the year ended March 31, 2017. The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The Company's shares are listed on two recognised stock exchanges in India. The registered office of the company is located at Plot no. 21, Jawaharlal Nehru Pharma city, Parawada, Vishakapatnam, Andhra Pradesh, India - 531201. The Group is principally engaged in offering a broad and integrated portfolio of Active Pharmaceuticals Ingredients (API) including intermediates, Generic Finished dosage forms (FDF) and Contract Research services to cater to the needs of the global pharmaceutical industry. Information on the Group's structure is provided in Note 39. Information on other related party relationships of the Group is provided in Note 33. The consolidated financial statements were authorised for issue in accordance with a resolution of the directors on May 18, 2017.

2. Significant accounting policies

2.1 Basis of preparation

(a) The financial statements of the Group have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time). For all periods up to and including the year ended March 31, 2016, the Group had prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Indian GAAP'). With effect from April 01, 2016, the Holding Company is required to prepare its consolidated financial statements under the Indian Accounting Standards ('Ind AS') prescribed under section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, as amended. The Group has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 - 'First time adoption of Indian Accounting Standards'. Refer note 43 for information on how the Group has adopted Ind AS. Reconciliations and descriptions of the effect of the transition has been summarized in note 44.

The consolidated financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following assets and liabilities which have been measured at fair value or revalued amount required by relevant Ind AS:

i Derivative financial instruments;

ii Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

The financial statements are presented in Indian Rupees and all values are rounded to the nearest millions, except otherwise indicated.

Basis of consolidation

The Consolidated financial statements comprise the financial statements of the Group and its associate as at March 31, 2017, March 31, 2016 and April 1, 2015 and for the year ended March 31, 2017 and for the year ended March 31, 2016.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

Notes

to consolidated financial statements for the year ended March 31, 2017

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

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The Group has following investments in subsidiaries and associate:

Name of Entity	Principal place of business and Country of Incorporation	Investee relationship			Proportion of ownership interest		
		March 31, 2017	March 31, 2016	April 01, 2015	March 31, 2017	March 31, 2016	April 01, 2015
Laurus Synthesis Inc.	USA	Subsidiary	Subsidiary	Subsidiary	100%	100%	100%
Sriam Labs Private Limited *	India	Subsidiary	Associate	Associate	100%	27%	27%
Viziphar Biosciences Private Limited ^	India	-	Subsidiary	Subsidiary	-	100%	100%

* W.e.f November 01, 2016, the Group has acquired 100% shareholding of Sriam Labs Private Limited.

^ W.e.f April 01, 2016, the Group has divested its 100% share in Viziphar Biosciences Private Limited to an unrelated outside party.w

(b) Consolidation procedure:

a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries.

b) Eliminate the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

d) Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests.

e) When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests

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- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 Summary of significant accounting policies

(a) Business combinations and goodwill

In accordance with Ind-AS 101 provisions related to first time adoption, the Group has elected to apply Ind AS accounting for business combinations prospectively from April 01, 2015. As such, Indian GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward with minimal adjustment. Similarly, such first time adoption exemption is also adopted for associate.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

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After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

(b) Investment in associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies.

The Group's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

If an entity's share of losses of an associate equals or exceeds its interest in the associate (which includes any long term interest that, in substance, form part of the Group's net investment in the associate), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit and loss.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as Share of profit/ (loss) of an associate in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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(c) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

(d) Foreign currencies

The Group's consolidated financial statements are presented in Indian rupees, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group at its functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the group uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss except with the exception of exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognised in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity, such exchange differences are recognised initially in OCI. These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

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Group Companies

On consolidation, the assets and liabilities of foreign operations are translated into functional currency at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the Group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the date of transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising in the acquisition/ business combination of a foreign operation on or after April 01, 2015 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date. Any goodwill or fair value adjustments arising in business combinations/ acquisitions, which occurred before the date of transition to Ind AS (April 01, 2015), are treated as assets and liabilities of the entity rather than as assets and liabilities of the foreign operation. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

Cumulative currency translation differences for all foreign operations are deemed to be zero at the date of transition, viz., April 01, 2015. Gain or loss on a subsequent disposal of any foreign operation excludes translation differences that arose before the date of transition but includes only translation differences arising after the transition date.

(e) Fair value measurement

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

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

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

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs

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

- Level 1 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

The Company's chief financial officer determines the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. Any change in the fair value of each asset and liability is also compared with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(f) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks

The specific recognition criteria described below 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. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Based on the Educational Material on Ind AS 18 issued by the ICAI, the Group has assumed that recovery of excise duty flows to the Group on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Group on its own account, revenue includes excise duty.

However, sales tax/ value added tax (VAT) is not received by the Group on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

Sale of services

Revenue from contract research operations is recognised based on services performed till date as a percentage of total services. The agreed milestones are specified in the contracts with customers which determine the total services to be performed.

Interest income

For all debt financial instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. Interest income is included in other income in the statement of profit and loss.

Dividends

Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

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Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Export incentives are recognised as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

(g) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries and associate, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits (MAT Credit) and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries and associate, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected

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to apply in the period/ year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in profit or loss.

(h) Property, plant and equipment

Under the previous GAAP (Indian GAAP), property, plant and equipment and capital wok in progress were carried in the balance sheet at cost of acquisition. The Group has elected to regard those values of property, plant and equipment as deemed cost at the date of the acquisition since there is no change in the functional currency as at April 01, 2015 (date of transition to Ind AS) on the date of transition to Ind AS. The Group has also determined that cost of acquisition or construction at deemed cost as at April 01, 2015.

Capital work in progress, Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other expenses on existing property, plant and equipment, 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.

Subsequent expenditure related to an item of property, plant and equipment 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.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Factory buildings	:	30 years
Other buildings	:	60 years
Plant and equipment	:	5 to 20 years
Furniture and fixtures	:	10 years
Vehicles	:	5 years
Computers	:	3 to 6 years

The Group, based on technical assessment and management estimate, depreciates certain items of plant and equipment and vehicles over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

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The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial period/ year end and adjusted prospectively, if appropriate.

(i) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Computer Software

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

Gains or losses arising from derecognition of an intangible asset 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 or loss when the asset is derecognised.

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its intangible assets recognised as at April 01, 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

(j) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 April 2015, the Group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

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(k) **Borrowing costs**

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 asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(l) **Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost is determined on weighted average basis.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials and packing material: 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 includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.
- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.
- Traded goods and spare parts: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.
- Stores and spares are valued at the lower of cost and net realisable value.

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

(m) **Impairment of non-financial assets**

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) fair value less costs of disposal and its value in use. 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 groups of assets. When 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 fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated.

Impairment losses, including impairment on inventories, are recognised in the statement of profit and loss. For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount,

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nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods/ years. Such reversal is recognised in the statement of profit or loss.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

(n) Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) 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. When 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 a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(o) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Group operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund by a third party.

The cost of providing benefits under the defined benefit plan is determined based on projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

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The Group treats accumulated leaves which are to be settled after 12 months as a long-term employee benefit and accumulated leaves which are to be settled in the next 12 months as a short-term employee benefit for measurement purposes. Such accumulated leaves 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 beyond 12 months after the reporting date.

(p) Share-based payments

Employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments.

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using Black Scholes valuation model.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(q) Financial instruments

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

Financial assets:

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, a 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. This category generally applies to trade and other receivables.

For purposes of subsequent measurement, Any debt instrument, which does not meet the

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criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. FVTPL is a residual category for debt instruments.

In addition, the group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The group has not designated any debt instrument as at FVTPL due to recognition inconsistency.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Further, All equity investments in scope of Ind AS 109 are measured at fair value. For equity instruments which are not held for trading, the group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. If the group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the group may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Derecognition

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

a) the rights to receive cash flows from the asset have expired, or

b) the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

i. the Group has transferred substantially all the risks and rewards of the asset, or

ii. the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure: a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, deposits and bank balances. b) Trade receivables that result from transactions that are within the scope of Ind AS 18.

The Group follows 'simplified approach' for recognition of impairment loss. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly,

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12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument

- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

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

Receivables past due	% of allowance
> 1 year	0%
> 1 year and < 2 years	25%
> 2 years and < 3 years	50%
> 3 years	100%

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

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

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Group has not designated any financial liability as at fair value through profit and loss.

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Loans and borrowings

This is the category most relevant to the group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Derecognition

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

Reclassification of financial assets

The group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The group's senior management determines change in the business model as a result of external or internal changes which are significant to the group's operations. Such changes are evident to external parties. A change in the business model occurs when the group either begins or ceases to perform an activity that is significant to its operations. If the group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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(r) Derivative financial instruments

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The purchase contracts that meet the definition of a derivative under Ind-AS 109 are recognised in the statement of profit and loss. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

(s) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

(t) Research and Development

Revenue expenditure on research and development is charged to the statement of profit and loss in the year in which it is incurred. The Group does not generate any intangible asset internally.

(u) Measurement of EBITDA

The Group presents EBITDA in the statement of profit or loss, which is neither specifically required by Ind AS 1 nor defined under Ind AS. Ind AS complaint Schedule III allows companies to present line items, sub-line items and sub-totals shall be presented as an addition or substitution on the face of the financial statements when such presentation is relevant to an understanding of the group's financial position or performance or to cater to industry/sector-specific disclosure requirements or when required for compliance with the amendments to the Companies Act or under the Indian Accounting Standards. Accordingly, the Group has elected to present EBITDA as a separate line item on the face of the statement of profit and loss and does not include depreciation and amortization expense, finance income, finance costs, share of profit/ loss from associate and tax expense in the measurement of EBITDA

(v) Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' The amendments are applicable to the Group from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The Group is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated. These amendments does not have any recognition or measurement impact but requires additional disclosure to be given by the Group.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-

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based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement. The Group does not have any cash-settled share based payments and accordingly there is no impact on the financial statements is being evaluated.

3. Property, plant and equipment

Particulars	Freehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Computers	Vehicles	Total Property plant and equipment
Gross carrying value							
As at April 01, 2015 (Cost or deemed cost)	769.42	1,974.59	4,411.11	100.40	41.21	49.78	7,346.51
Additions	34.04	1,447.07 *	2,034.10 *	72.42	36.43	29.40	3,653.46
Disposals	-	-	(1.84)	-	(0.53)	(17.48)	(19.85)
Adjustment							
- Exchange Difference	-	-	-	0.15	0.14	-	0.29
As at March 31, 2016	803.46	3,421.66	6,443.37	172.97	77.25	61.70	10,980.41
Additions	-	823.82 *	1,334.35 *	97.88	17.56	67.05	2,340.66
Acquisition of a subsidiary (Refer note 40)	68.17	201.33	404.77	0.42	-	1.12	675.81
Disposals	-	-	(9.17)	-	-	(22.04)	(31.21)
Adjustment							
- Exchange Difference	-	-	(1.50)	(0.10)	(0.24)	-	(1.84)
As at March 31, 2017	871.63	4,446.81	8,171.82	271.17	94.57	107.83	13,963.83
Depreciation							
Charge for the year	-	112.16	670.07	28.97	17.99	15.93	845.12
Disposals	-	-	(0.04)	-	(0.53)	(10.63)	(11.20)
Adjustment							
- Exchange Difference	-	-	0.07	0.01	0.02	-	0.10
As at March 31, 2016	-	112.16	670.10	28.98	17.48	5.30	834.02
Charge for the year	-	151.85	802.04	36.67	19.69	22.45	1,032.70
Disposals	-	-	(9.04)	-	-	(16.86)	(25.90)
Adjustment							
- Exchange Difference	-	-	(0.33)	(0.03)	(0.06)	-	(0.42)
As at March 31, 2017	-	264.01	1,462.77	65.62	37.11	10.89	1,840.40
Net carrying value							
As at April 01, 2015	769.42	1,974.59	4,411.11	100.40	41.21	49.78	7,346.51
As at March 31, 2016	803.46	3,309.50	5,773.27	143.99	59.77	56.40	10,146.39
As at March 31, 2017	871.63	4,182.80	6,709.05	205.55	57.46	96.94	12,123.43

Capital Work in Progress (including expenditure during construction period - note 46) : ₹ 1,432.56 (March 31, 2016: ₹ 696.00, April 01, 2015: ₹ 1,096.69).

Estimated amount of contracts remaining to be executed on capital account and not provided for : ₹ 587.00 (March 31, 2016: ₹ 1,179.00, April 01, 2015: ₹ 1,223.00) (Refer note 45).

Notes:

* includes expenditure during the construction period amounting to ₹ 18.48 (March 31,2016: ₹ 35.74, April 01, 2015: 32.47 (Note 46)).

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Pledge on Property, plant and equipment - Laurus Labs Limited:

Property, plant and equipment (other than vehicles) of Company with a carrying amount of ₹ 11,008.18 (March 31, 2016: ₹ 9,816.81, April 01, 2015: ₹ 7,083.97) are subject to a pari passu first charge on the Company's term loans. Property, plant and equipment/ Moveable plant & machinery with a carrying amount of ₹ 191.49 (March 31, 2016: ₹ 202.44, April 01, 2015: ₹ 207.91) is exclusively charged towards term loan and buyers credit from ICICI Bank. Further, the property, plant and equipment (other than vehicles) are subject to a pari passu second charge on the Company's current borrowings and SBI buyer's credit. Also, refer note 14A and 14B.

Vehicles with a carrying amount of ₹ 95.92 (March 31, 2016: ₹ 56.40, April 01, 2015: 49.78) are hypothecated to respective banks against vehicle loans.

Pledge on Property, plant and equipment - Sriam Labs Private Limited:

Term loans from Andhra Bank are subject to first charge on all the PPE of the Company with a carrying amount of ₹ 763.71 (March 31, 2016: ₹ Nil, April 01, 2015: ₹ Nil).

Further the term loans are subject to collateral security on the following PPE:

i) Factory Premises on land measuring AC.4-24 Guntas in Sy. No. 505 at Padamati Somaram Road, Bibinagar (V) & (M), Nalgonda district

ii) Eq. Mortgage of Building bearing H.No.8-3-982/4 in land area of 300 sq.yds with built-up area of 2900 s.ft. at Sri Nagar Colony, Hyderabad.

iii) Eq.Mortgage of house in D.No.1-2-118/G1, in site of 107.25 sq. yds with ground and first floors of 658.51 sq.ft. each, in Court Road, Prakasam Road Residential area, Tirupati.

iv) Eq. Mortgage of residential house No. 8-3-684/3/13, Plot No. 13, Sy.No.96, Yellareddy guda Hyderabad, in 300 sq.yds site with ground floor of 910 sft and first floor of 630 sft.

v) Lien on Kalptaruvu deposit (KTD).

vi) Extension of EM of factory land& civil works and hypothecation of plant & machinery and other equipment with total project outlay at Visakhapatnam

Vehicles with a carrying amount of ₹ 1.02 (March 31, 2016: ₹ Nil, April 01, 2015: Nil) are hypothecated to respective banks against vehicle loans.

4. Intangible assets

Particulars	Goodwill on Consolidation	Computer Software purchased	Total Intangible assets
Gross carrying value			
As at April 01, 2015 (Cost or deemed cost)	-	61.15	61.15
Additions	-	21.70	21.70
Disposals	-	-	-
As at March 31, 2016	-	82.85	82.85
Additions	-	33.11	33.11
Acquisition of subsidiary (Refer note 40)	97.39	8.66	106.05
Disposals	-	-	-
As at March 31, 2017	97.39	124.62	222.01
Amortisation			
Charge for the year	-	18.97	18.97
Disposals	-	-	-
As at March 31, 2016	-	18.97	18.97
Charge for the year	-	27.12	27.12
Disposals	-	-	-
As at March 31, 2017	-	46.09	46.09
Net carrying value			
As at April 01, 2015	-	61.15	61.15
As at March 31, 2016	-	63.88	63.88
As at March 31, 2017	97.39	78.53	175.92

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Impairment test of goodwill:
Goodwill is tested for impairment on annual basis and whenever there is an indication that the recoverable amount of cash generating unit is less than its carrying amount based on number of factors including business plan, operating results, future cash flows and economic conditions. The recoverable amount of cash generating units is determined based on higher of value in use and fair value less cost to sell.

The Group generally uses discounted cash flow based methods to determine the recoverable amount. These discounted cash flows use five-year projections that are based on financial forecasts. Cash flow projections take into account past experience and management's best estimate about future developments.

Discount rate represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and the risks specific to the asset for which specific to the asset for which future cash flow estimates have not been adjusted. The discount rate calculation is derived Weighted Average Cost of Capital of specific company. Terminal value growth rates take into consideration of external macroeconomic sources of data and indsutry specific trends.

The following table presents the key assumptions used to determine value in use/fair value less cost to sell for impairment test purpose:

Particulars	March 31, 2017
Terminal value growth rate	5%
Pre tax discount rate	16%

Based on the above, no impairment was identified as at March 31, 2017 as the recoverable value exceed the carrying value.

5. Investments in Associate

	March 31, 2017	March 31, 2016	April 01, 2015
Investments in equity instruments of associate (unquoted)			
- Nil (March 31, 2016: 3,834,908, April 01, 2015 : 3,834,908) Equity Shares of ₹10 each of Sriam Labs Private Limited (Including goodwill of ₹ Nil (March 31, 2016: ₹ 32.77, April 1, 2015: ₹ 32.77)	-	70.45	74.47
	-	70.45	74.47

(Aggregate value of unquoted investments: ₹ Nil (March 31, 2016: ₹ 70.45, April 01, 2015: ₹ 74.47)

6. Financial assets

		March 31, 2017	March 31, 2016	April 01, 2015
A	**Investments**			
	Unquoted investments in equity instruments (valued at fair value through profit and loss)			
	- 3,405,000 (March 31, 2016: Nil, April 01, 2015 : Nil) Equity Shares of ₹10 each of Atchutapuram Effluent Treatment Ltd.	34.05	-	-
		34.05	-	-
B.	**Loans**			
	Non Current (unsecured, considered good unless stated otherwise)			
	Security Deposits	109.74	77.13	48.01
	Total	109.74	77.13	48.01
	Current (unsecured, considered good unless stated otherwise)			
	Security Deposits	30.00	-	-
	Other loans			
	- Loans to employees	2.77	5.83	2.68
	Total	32.77	5.83	2.68

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6. Financial assets (Contd.)

	March 31, 2017	March 31, 2016	April 01, 2015
C. Deposits and others			
Non Current (unsecured, considered good unless stated otherwise)			
Bank Deposits (Note 11B)	45.95	7.78	81.42
Total	45.95	7.78	81.42
Current (unsecured, considered good unless stated otherwise)			
Insurance claim receivable (considered doubtful : ₹ Nil (March 31, 2016: ₹ 29.85, April 01, 2015: ₹ Nil))	63.74	29.85	85.38
	63.74	29.85	85.38
Less: Provision for insurance claim receivable	-	(29.85)	-
Total	63.74	-	85.38
Breakup of financial assets			
Valued at fair value through profit or loss			
Investments	34.05	-	-
Total financial assets carried at fair value through profit or loss	34.05	-	-
Valued at amortised cost			
Loans	142.51	82.96	50.69
Deposits and others	109.69	7.78	166.80
Trade Receivables	5,676.05	4,448.57	2,850.66
Cash & cash equivalents	24.23	128.06	395.28
Bank balances other than above	16.68	159.68	202.09
Total financial assets carried at amortised cost	5,969.16	4,827.05	3,665.52

7. Other assets

	March 31, 2017	March 31, 2016	April 01, 2015
Non-Current (unsecured, considered good unless otherwise stated)			
Capital Advances	124.02	207.61	250.42
Advances recoverable (including bad and doubtful advances ₹ 16.79 (March 31, 2016: ₹ 1.06, April 01, 2015: ₹ 1.64)	16.79	1.06	22.90
Prepayments	300.34	306.40	253.89
Balances with Statutory/Government Authorities	20.00	-	-
Deferred Lease expenses	1.32	2.21	2.12
Sales tax paid under protest	3.74	-	-
Export and other incentives receivable (Refer note 18)	53.33	73.90	41.93
	519.54	591.18	571.26
Less: Allowance for bad and doubtful advances	(16.79)	(1.06)	(1.64)
Total	502.75	590.12	569.62
Current (unsecured, considered good unless otherwise stated)			
Advances recoverable in cash or kind	78.13	70.76	117.52
Loans and advances to related parties (note 33)	-	35.00	-
Prepayments	75.37	64.03	60.36
Balances with Statutory/Government Authorities	138.20	127.05	107.30
Deferred Lease expenses	0.98	1.13	0.85
Export and other incentives receivable (Refer note 18)	198.82	115.51	20.98
Others	2.76	0.78	5.56
Total	494.26	414.26	312.57

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

8. Deferred tax assets (Net)

		March 31, 2017	March 31, 2016	April 01, 2015
Deferred tax liability relating to				
Accelerated depreciation for tax purposes		(612.50)	(515.95)	(372.29)
Deferred revenue on embedded leases		(396.20)	(114.44)	(117.99)
	(A)	**(1,008.70)**	**(630.39)**	**(490.28)**
Deferred tax asset relating to				
MAT credit entitlement		1,473.62	989.60	633.98
Unused tax losses/ depreciation		-	121.24	333.70
Expenses allowable on payment basis		221.33	61.39	43.58
Other items giving rise to temporary differences		12.61	6.88	16.89
	(B)	**1,707.56**	**1,179.11**	**1,028.15**
Deferred tax assets (Net)	(A+B)	698.86	548.72	537.87

Deferred Tax Assets/ (Liabilities):

For the year ended March 31, 2016:

	Opening Balance	Recognised in profit & loss	Recognised in other comprehensive income	Closing balance
Accelerated depreciation for tax purposes	(372.29)	(143.66)	-	(515.95)
Deferred revenue on embedded leases	(117.99)	3.55	-	(114.44)
MAT credit entitlement	633.98	355.62	-	989.60
Unused tax losses/ depreciation	333.70	(212.46)	-	121.24
Expenses allowable on payment basis	43.58	17.81	-	61.39
Other items giving rise to temporary differences	16.89	(14.27)	4.26	6.88
	537.87	**6.59**	**4.26**	**548.72**

For the year ended March 31, 2017:

	Opening Balance	Recognised in profit & loss	Recognised in other comprehensive income	Recognised on acquisition of Subsidiary (refer note 40)	Closing balance
Accelerated depreciation for tax purposes	(515.95)	(72.99)	-	(23.56)	(612.50)
Deferred revenue on embedded leases	(114.44)	(281.76)	-	-	(396.20)
MAT credit entitlement	989.60	477.77	-	6.25	1,473.62
Unused tax losses/ depreciation	121.24	(188.58)	-	67.34	-
Expenses allowable on payment basis	61.39	157.90	-	2.04	221.33
Other items giving rise to temporary differences	6.88	2.11	3.62	-	12.61
	548.72	**94.45**	**3.62**	**52.07**	**698.86**

The Group has accounted for deferred tax assets (net) of ₹ 698.86 (March 31, 2016: ₹ 548.72, April 01, 2015: ₹ 537.87) based on approval of business plan by board, agreements entered with customers, orders on hand, fresh infusion of funds, successful patent filings and a portfolio of drugs.

During the year ended March 31, 2017, the Group has paid dividend to its shareholders. This has resulted in payment of Dividend Distribution Tax (DDT) to the taxation authorities. The Group believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence, DDT paid is charged to equity.

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

9. Inventories

	March 31, 2017	March 31, 2016	April 01, 2015
(At lower of cost and net realisable value)			
Raw Materials [including Port Stock and Stock in transit: ₹ 471.18 (March 31, 2016: ₹ 787.95, April 01, 2015: ₹ 1086.48)]	1,946.39	2,182.40	2,310.94
Work-in-progress	1,528.49	1,408.01	1,464.25
Finished Goods	1,496.24	1,222.06	915.04
Stores, spares and packing materials	119.34	58.46	64.73
Total	5,090.46	4,870.93	4,754.96

10. Trade Receivables

	March 31, 2017	March 31, 2016	April 01, 2015
Unsecured			
Considered good *	5,676.05	4,448.57	2,850.66
Considered bad and doubtful	21.52	-	4.74
	5,697.57	4,448.57	2,855.40
Less: Allowance for bad and doubtful receivables	(21.52)	-	(4.74)
	5,676.05	4,448.57	2,850.66

No trade or other receivables are due from directors or other officers of the Group either severally or jointly with any other person nor from firms or private companies respectively in which any director is a partner, a director or a member.

Trade receivables are non-interest bearing and are generally on terms of 30 - 90 days.

11. Cash & cash equivalents and Other bank balances

	March 31, 2017	March 31, 2016	April 01, 2015
A) Cash & Cash Equivalents			
Balances with Banks			
- On Current Accounts	19.46	125.26	242.97
- Deposits with original maturity of less than three months	2.57	0.49	150.00
Cash on hand	2.20	2.31	2.31
	24.23	128.06	395.28
B) Bank balances other than above			
On Deposit Accounts			
- Remaining maturity for more than twelve months	45.95	7.78	81.42
- Remaining maturity for less than twelve months	16.68	159.68	202.09
	62.63	167.46	283.51
Less : Amount disclosed under Other Assets (Note 6C)	(45.95)	(7.78)	(81.42)
	16.68	159.68	202.09

Deposits with a carrying amount of ₹ 62.63 (March 31, 2016: ₹ 167.46, April 01, 2015: ₹ 283.51) are towards margin money given for letter of credit and bank guarantees.

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

12. Equity share capital

	March 31, 2017	March 31, 2016	April 01, 2015
Authorised			
111,000,000 (March 31, 2016: 24,787,037, April 01, 2015 : 16,746,097) Equity shares of ₹ 10/- each	1,110.00	247.87	167.46
Nil (March 31, 2016: 2,259,060, April 01, 2015: 6,900,000) 0.001% Compulsorily Convertible Participatory Cumulative Preference shares - Series A of ₹ 10/- each	-	22.59	69.00
Nil (March 31, 2016: 2,477,387, April 01, 2015: 2,477,387) 0.001% Compulsorily Convertible Participatory Cumulative Preference shares - Series B of ₹ 243/- each	-	602.01	602.01
Nil (March 31, 2016: 4,153,399, April 01, 2015: 4,153,399) 0.001% Compulsorily Convertible Participatory Cumulative Preference shares - Series C of ₹ 10/- each	-	41.53	41.53
Total	1,110.00	914.00	880.00
Issued, Subscribed and Paid Up			
105,756,249 (March 31, 2016: 15,767,255, April 01, 2015 : 15,511,880) Equity share of ₹ 10/- each fully paid up	1,057.56	157.67	155.12
Nil (March 31, 2016: 2,259,060, April 01, 2015 : 2,259,060) 0.001% Compulsorily Convertible Participatory Cumulative Preference shares - Series A of ₹ 10/- each fully paid up	-	22.59	22.59
Nil (March 31, 2016: 2,477,387, April 01, 2015 : 2,477,387) 0.001% Compulsorily Convertible Participatory Cumulative Preference shares - Series B of ₹ 243/- each fully paid up	-	602.01	602.01
Nil (March 31, 2016: 4,153,399, April 01, 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	1,057.56	823.80	821.25

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

	March 31, 2017		March 31, 2016		April 01, 2015	
	No.	₹	No.	₹	No.	₹
Equity Shares of ₹ 10 Each, Fully paid up						
Balance as per last financial statements	15,767,255	157.67	15,511,880	155.12	15,379,755	153.80
Issued during the year - ESOP	118,500	1.19	255,375	2.55	132,125	1.32
Converted from preference shares to equity shares	8,889,846	88.90	-	-	-	-
Issued during the year - Bonus shares	73,971,303	739.71	-	-	-	-
Issue of equity shares - IPO	7,009,345	70.09	-	-	-	-
Outstanding at the end of the year	105,756,249	1,057.56	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	2,259,060	22.59
Converted from preference shares to equity shares	(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	2,477,387	602.01
Converted from preference shares to equity shares	(2,477,387)	(602.01)	-	-	-	-
Outstanding at the end of the year	-	-	2,477,387	602.01	2,477,387	602.01

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

12.1. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period (Contd.)

	March 31, 2017		March 31, 2016		April 01, 2015	
	No.	₹	No.	₹	No.	₹
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	4,153,399	41.53	-	-
Issued during the year	-	-	-	-	4,153,399	41.53
Converted from preference shares to equity shares	(4,153,399)	(41.53)	-	-	-	-
Outstanding at the end of the year	-	-	**4,153,399**	**41.53**	**4,153,399**	**41.53**

12.2. 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 12.3a. 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. For the year ended March 31, 2017, the amount of dividend per share declared as distribution to equity shareholders was ₹ 1.50 (March 31, 2016: ₹ 2.00 (not adjusted for bonus issue) and April 01, 2015: ₹ Nil).

12.3. 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 12.3a. 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 12.3a.

During the year ended March 31, 2017, all the 2,259,060 Series A Preference Shares have been converted into equity shares in the ratio of 1:1.

For the year ended March 31, 2017, the amount of dividend per share declared as distribution to Series A preference shareholders was ₹ Nil (March 31, 2016: ₹ 2.00 (including cumulative preference dividend) (not adjusted for bonus issue) and April 01, 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 Principals and Dr. Satyanarayana Chava(Promoter). Each Series B Preference Share at the option of the holder is convertible into one equity share or will automatically be converted into one equity share after completion of 19 years and 365 days from the date of issue. Each Series B Preference Shareholder is entitled to cumulative preference dividend equal to 0.001% per financial year and to exercise one vote per share at the general meetings of the Company. For liquidation terms and preferential rights refer note 12.3a.

During the year ended March 31, 2017, all the 2,477,387 Series B Preference Shares have been converted into equity shares in the ratio of 1:1.

For the year ended March 31, 2017, the amount of dividend per share declared as distribution to Series B preference shareholders was ₹ Nil (March

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31, 2016: ₹ 2.00 (including cumulative preference dividend) (not adjusted for bonus issue) and April 01, 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 12.3a.

During the year ended March 31, 2017, all the 4,153,399 Series C Preference Shares have been converted into equity shares in the ratio of 1:1.

For the year ended March 31, 2017, the amount of dividend per share declared as distribution to Series C preference shareholders was ₹ Nil (March 31, 2016: ₹ 2.00 (including cumulative preference dividend) (not adjusted for bonus issue) and April 01, 2015: ₹ Nil).

12.3a. 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, FIL Capital Management (Mauritius) Limited and Fidelity India Principals 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, FIL Capital Management (Mauritius) Limited and Fidelity India Principals, then such proceeds shall be distributed amongst Bluewater, FIL Capital Management (Mauritius) Limited, Fidelity India Principals and Promoter pari passu in proportion to Bluewater Investment Amount, FIL Capital Management (Mauritius) Limited Investment amount, Fidelity India Principals 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.

However, with effect from December 19, 2016, upon equity shares of the Company becoming listed on the stock exchanges, the liquidation terms are as follows:

(a) If the company shall be wound up, the Liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act divide amongst the shareholders, in specie or kind the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.

(b) For the purpose aforesaid, the Liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the shareholders or different classes of shareholders.

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12.4. Details of Shareholders holding more than 5 % shares of the Group:

	March 31, 2017		March 31, 2016		April 01, 2015	
	% Holding	No.	% Holding	No.	% Holding	No.
Equity Shares of ₹ 10/- each Held By						
Blue Water Investment Limited	19.85%	20,989,596	21.12%	3,330,758	21.47%	3,330,758
FIL Capital Management (Mauritius) Limited	11.57%	12,237,612	16.44%	2,592,872	16.72%	2,592,872
Dr.C.Satyanarayana	15.87%	16,781,704	23.69%	3,734,500	24.08%	3,734,500
SBI Magnum Multiplier Fund	7.02%	7,427,959	-	-	-	-
Mrs.C.Naga Rani	5.90%	6,240,000	9.89%	1,560,000	10.06%	1,560,000
Dr. Raju S Kalidindi	4.92%	5,200,000	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

12.5. Details of Shares Reserved for issue under Options

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

12.6. Aggregate number of bonus shares issued, shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

	March 31, 2017	March 31, 2016	April 01, 2015
No. of equity shares allotted as fully paid bonus shares by capitalization of securities premium	73,971,303	-	-

13. Distributions made and proposed

	March 31, 2017	March 31, 2016
Cash dividends on Equity shares declared and paid:		
Final dividend for the year ended March 31, 2016 : ₹ 2.00 per share (not adjusted for bonus issue) (April 01, 2015: ₹ Nil per share)	31.53	-
Dividend distribution tax on final dividend	6.42	-
Cash dividends on CCPCPS - Series A, Series B and Series C declared and paid:		
Final dividend for the year ended March 31, 2016 : ₹ 2.00 per share (including cumulative preference dividend) (not adjusted for bonus issue) (April 01, 2015: ₹ Nil per share)	17.81	-
Dividend distribution tax on final dividend	3.63	-
	59.39	**-**
Proposed dividends on Equity shares:		
Final cash dividend	158.63	31.53
Dividend distribution tax on proposed dividend	32.29	6.42
Proposed dividends on CCPCPS - Series A, Series B and Series C:		
Final cash dividend	-	17.81
Dividend distribution tax on proposed dividend	-	3.63
	190.93	**59.39**

Proposed dividend on Equity shares are subject to approval at the annual general meeting and is not recognised as a liability as at March 31, 2017.

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14. Financial liabilities

		March 31, 2017	March 31, 2016	April 01, 2015
A)	**Non Current borrowings**			
	Term Loans			
	Indian Rupee loans from banks (Secured) (a, c, g and h)	1,005.62	3,325.06	2,613.66
	Foreign currency loans from banks (Secured) (b and c)	-	43.68	251.83
	Foreign currency loans from banks (Unsecured) (b and e)	-	1,061.33	-
	Buyer's Credit (Secured) (b and c)	188.56	141.79	133.79
	Other Loans			
	Vehicle loans from banks (Secured) (d and i)	51.44	25.54	21.11
	Total	1,245.62	4,597.40	3,020.39
	Current Maturities of Non Current borrowings			
	Term Loans			
	Indian Rupee loans from banks (Secured) (a, c, g and h)	523.28	761.60	690.87
	Foreign currency loans from banks (Unsecured) (b and e)	-	-	-
	Foreign currency loans from banks (Secured) (b and c)	42.69	88.19	143.13
	Buyer's Credit (Secured) (b and c)	138.59	-	-
	Other Loans			
	Vehicle loans from banks (Secured) (d and i)	25.58	15.72	15.06
		730.14	865.51	849.06
	Less: Amount disclosed under the head "other current financial liabilities" (Note 14 D)	(730.14)	(865.51)	(849.06)
	Total	-	-	-
B)	**Current borrowings**			
	Cash Credits and Working Capital Demand Loans			
	Indian Rupee loans from banks (Secured) (f and j)	5,329.87	3,872.63	2,564.54
	Foreign Currency loans from banks (Secured) (f and k)	129.03	132.00	394.36
	Buyer's Credit from banks (Secured) (f and j)	982.81	809.56	1,357.45
	Total	6,441.71	4,814.19	4,316.35

Terms and conditions of borrowings - Laurus Labs Limited:

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

Name of the Bank	Outstanding as on March 31, 2017	Outstanding As on March 31, 2016	Outstanding As on April 01, 2015	Sanction Amount	No. of Instalments	Commencement of instalments	Rate of Interest
State Bank of India (SBI)	67.02	125.54	-	300.00	8 quarterly instalments ranging from ₹ 15.00 to ₹ 22.50	June 2016	MCLR Plus 1.90% p.a. (March 31, 2016: Base rate plus 3.45 % p.a., April 01, 2015: Nil).
State Bank of India (SBI)	350.00	429.03	487.79	490.00	23 quarterly instalments ranging from ₹ 20.00 to ₹ 22.50	September 2015	MCLR Plus 1.90% p.a. (March 31, 2016: Base rate plus 2.50% - 3.20 % p.a., April 01, 2015 : Base rate plus 3.20 % p.a.)
State Bank of India (SBI)	377.38	450.00	215.04	450.00	20 quarterly instalments ranging from ₹ 18.00 to ₹ 24.00	June 2016	MCLR Plus 1.90% p.a. (March 31, 2016: Base rate plus 2.00% - 2.50 % p.a., April 01, 2015 : Base rate plus 2.00 % p.a.)
Export-Import Bank of India (EXIM)	-	450.00	488.90	490.00	23 quarterly instalments ranging from ₹ 20.00 to ₹ 22.50	December 2015	Base rate plus 2.00% p.a. (March 31, 2016 : Base rate plus 2.00 % p.a., April 01, 2015 : Base rate plus 2.00 % p.a.)

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

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

Name of the Bank	Outstanding as on March 31, 2017	Outstanding As on March 31, 2016	Outstanding As on April 01, 2015	Sanction Amount	No. of Instalments	Commencement of instalments	Rate of Interest
Export-Import Bank of India (EXIM)	-	649.65	814.81	1,000.00	18 equal quarterly instalments of ₹ 55.55	September 2014	Base rate plus 2.00% p.a. (March 31, 2016 : Base rate plus 2.00 % p.a., April 01, 2015 : Base rate plus 2.00 % p.a.)
Punjab National Bank (PNB)	-	1,446.99	468.47	1,450.00	20 quarterly instalments ranging from ₹ 57.00 to ₹ 76.00	December 2016	Base rate plus 1.75% p.a. (March 31, 2016 : Base rate plus 2.00 % p.a., April 01, 2015 : Base rate plus 1.75% p.a.)
ICICI Bank (ICICI)	22.57	35.45	48.31	67.67	20 quarterly instalments of ₹ 3.38	February 2014	MCLR plus 2.75% p.a. (March 31, 2016 : Base rate plus 2.50% p.a., April 01, 2015 : Base rate plus 2.50% p.a.)
HSBC Bank (HSBC)	399.15	500.00	-	500.00	10 quarterly instalments of ₹ 50	December 2016	MCLR plus 0.5% p.a. (March 31, 2016 :Base rate plus 0.6% p.a., April 01, 2015: Nil)
State Bank of Hyderabad (SBH)	-	-	358.50	450.00	9 quarterly instalments ranging from ₹ 45.00 to ₹ 60.00	December 2014	Nil (March 31, 2016: Nil, April 01, 2015: Base rate plus 2.25% p.a.)
IDBI Bank (IDBI)	-	-	422.71	500.00	12 quarterly instalments ranging from ₹ 37.50 to ₹ 43.75	October 2014	Nil (March 31, 2016: Nil, April 01, 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, 2017	Outstanding as on March 31, 2016	Outstanding as on April 01, 2015	Sanction Amount	No. of Instalments	Commencement of instalments	Rate of Interest
Bank of Bahrain and Kuwait (BBK) - ECB Loan	42.69	131.87	207.44	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, 2016 : LIBOR plus 3.50% p.a., April 01, 2015 : LIBOR plus 3.50% p.a.)
ICICI Bank (ICICI) - Buyer's Credit	138.59	141.79	133.79	US$ 2.14 Mn	Single instalment	April 2017	LIBOR plus 0.74% p.a. (March 31, 2016 : LIBOR plus 0.74% p.a., April 01, 2015 : LIBOR plus 0.74% p.a.)
State Bank of India (SBI) - Buyer's Credit	188.56	-	-	US$ 2.91 Mn	Three instalments	April 2018	LIBOR plus 0.56% p.a. (March 31, 2016: Nil, April 01, 2015: Nil)
CITI Bank (CITI) - FCNR TL	-	1061.33	-	US$ 21.00 Mn	Single instalment	Before February 2018*	LIBOR plus 1.7% p.a. (March 31, 2016 : LIBOR plus 1.7% p.a., April 01, 2015: Nil)
State Bank of India (SBI) - FCNR TL	-	-	187.52	US$ 3.00 Mn	12 quarterly instalments	June 2015	Nil (March 31, 2016: Nil, April 01, 2015: LIBOR plus 3.25% p.a.)

* Company has right to pay anytime before February 2018 and the same has been exercised during the year.

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(c) All Term loans (except term loan and buyer's credit from ICICI and buyer's credit from SBI) are secured by pari passu first charge on the property, plant and equipment (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 buyer's credit is secured by exclusive charge on the movable plant & machinery/ property, plant and equipment procured from the term loan/buyer's 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. State Bank of India (SBI) buyer's credit is secured by pari passu first charge on current assets and pari passu second charge on the property, plant and equipment (both present and future) 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.

(f) Current borrowings are availed of in both Rupee and Foreign currencies. Interest on rupee loans ranges from MCLR plus 0% to 1.85%(March 31, 2016: Base rate plus 1% to 2.25%, April 01, 2015: Base rate plus 1% to 2.25%). buyer's credit loan interest ranges from LIBOR plus 0.23% to 0.75%(March 31, 2016: LIBOR plus 0.25% to 0.52%, April 01, 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 property, plant and equipment (both present and future). Also personal guarantees have been given by the Chief Executive Officer and one of the Executive Directors of the Company.

Terms and conditions of borrowings - Sriam Labs Private Limited

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

Name of the Bank & Nature of Loan	Outstanding as on March 31, 2017	Outstanding As on March 31, 2016	Outstanding As on April 01, 2015	Sanction Amount	No. of Instalments	Commencement of instalments	Rate of Interest
Andhra Bank TL2	2.94	-	-	58.80	20 quarterly instalments of ₹ 29.40 Lacs each	September 2012	MCLR + 1.60%p.a. (March 31, 2016: Base rate plus 4.00%, April 01, 2015: Nil)
Andhra Bank TL3	13.99	-	-	56.00	20 quarterly instalments of ₹ 28 Lacs each	September 2013	MCLR + 1.60%p.a. (March 31, 2016: Base rate plus 4.00%, April 01, 2015: Nil)
Andhra Bank TL4	262.10	-	-	282.30	28 quarterly instalments of ₹ 100.81 Lacs each	October 2016	MCLR + 1.60%p.a. (March 31, 2016: Base rate plus 4.00%, April 01, 2015: Nil)
Andhra Bank Corporate Loan	33.75	-	-	60.00	16 quarterly instalments of ₹ 37.50 Lacs each	June 2015	"MCLR + 1.60%p.a. (March 31, 2016: Base rate plus 4.00%, April 01, 2015: Nil)"

(h) Security details: First charge on all the property, plant and equipment of the Company.
Collateral Security on the following assets:

i) Factory Premises on land measuring AC.4-24 Guntas in Sy. No. 505 at Padamati Somaram Road, Bibinagar (V) & (M), Nalgonda district

ii) Eq. Mortgage of Building bearing H.No.8-3-982/4 in land area of 300 sq.yds with built-up area of 2900 s.ft. at Sri Nagar Colony, Hyderabad.

iii) Eq.Mortgage of house in D.No.1-2-118/G1, in site of 107.25 sq. yds with ground and first floors of 658.51 sq.ft. each, in Court Road, Prakasam Road Residential area, Tirupati.

iv) Eq. Mortgage of residential house No. 8-3-684/3/13, Plot No. 13, Sy.No.96, Yellareddy guda Hyderabad, in 300 sq.yds site with ground floor of 910 sft and first floor of 630 sft.

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

v) Lien on Kalptaruvu deposit (KTD).

vi) Extension of EM of factory land& civil works and hypothecation of plant & machinery and other equipment with total project outlay at Visakhapatnam

(i) Vehicle loans from banks are repayable in 60 monthly instalments from the date of the loan and secured by hypothecation of the respective vehicles.

(j) Current borrowings are availed in Rupee currency. Interest on rupee loans ranges from MCLR plus 1.20%(March 31, 2016: Nil, April 01, 2015: Nil). buyer's credit loan interest ranges from 1.06% to 2.46%. These borrowings are secured by Hypothecation of stocks of raw material, WIP, Consumables, Finished goods, Receivables and all chargeable current assets on first charge basis.

Terms and conditions of borrowings - Laurus Synthesis Inc.

(k) Current borrowings are availed in Foreign currency. Interest on foreign currency loans from banks ranges from 2.15% (March 31, 2016: 2.15%, April 01, 2015: Nil). These borrowings are secured in the form of Standby Letter of Credit (SBLC) of the Company to Citi Bank NA.

C) Trade Payables

	March 31, 2017	March 31, 2016	April 01, 2015
- Outstanding dues to creditors other than micro enterprises and small enterprises	2,539.83	2,410.723	2,224.42
- Outstanding dues to micro enterprises and small enterprises (Note 31)	11.46	5.22	2.73
- Outstanding dues to related parties (note 33)	79.70	60.17	80.94
	2,630.99	2,476.12	2,308.09

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled on 30-120 day terms.

For explanations on the Company's credit risk management processes, refer to Note 38.

D) Current maturities and other liabilities

	March 31, 2017	March 31, 2016	April 01, 2015
Valued at amortised cost			
Current maturities of non current borrowings (Note 14 A)	730.14	865.51	849.06
Capital Creditors	585.37	303.08	341.18
Interest accrued	27.25	45.92	40.35
Payable to selling shareholders (IPO) (refer note 47)	40.20	-	-
Valued at fair value through profit or loss			
Outstanding derivative contracts	23.51	24.51	0.22
Total	1,406.47	1,239.02	1,230.81

Breakup of financial liabilities

	March 31, 2017	March 31, 2016	April 01, 2015
Valued at fair value through profit or loss			
Outstanding derivate contracts	23.51	24.51	0.22
Total financial liabilities carried at fair value through profit or loss	23.51	24.51	0.22
Valued at amortised cost			
Non current borrowings	1,245.62	4,597.40	3,020.39
Current maturities of non current borrowings	730.14	865.51	849.06
Current borrowings	6,441.71	4,814.19	4,316.35
Interest accrued	27.25	45.92	40.35
Trade Payables	2,630.99	2,476.12	2,308.09
Capital Creditors and others	625.57	303.08	341.18
Total financial liabilities carried at amortised cost	11,701.28	13,102.22	10,875.42

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

15. Provisions

	March 31, 2017	March 31, 2016	April 01, 2015
A) Non-Current Provisions			
Provision for Gratuity (note 29)	91.72	67.71	51.26
Total	**91.72**	**67.71**	**51.26**
B) Current Provisions			
Provision for Gratuity (note 29)	7.37	6.70	4.16
Provision for Compensated absences	93.85	69.82	50.36
Total	**101.22**	**76.52**	**54.52**

16. Non-current tax assets and current tax liabilities

	March 31, 2017	March 31, 2016	April 01, 2015
Non-current tax assets			
Advance tax (net)	5.70	0.39	0.79
Tax paid under protest	7.05	7.05	7.05
	12.75	**7.44**	**7.84**
Current tax liabilities			
Provision for taxes (net)	96.61	60.12	37.52
	96.61	**60.12**	**37.52**

17. Other liabilities

	March 31, 2017	March 31, 2016	April 01, 2015
Non Current			
Advances from Customers	630.72	164.66	154.30
	630.72	**164.66**	**154.30**
Current			
Advances from customers	475.10	124.39	6.11
Statutory dues	109.56	47.13	39.23
Total	**584.66**	**171.52**	**45.34**

18. Revenue from Operations (Gross)

		For the year ended March 31, 2017	For the year ended March 31, 2016
Sale of Products (including excise duty)			
Income from Sale of API and Intermediates		18,434.58	17,438.41
Income from Sale of Traded goods		150.10	161.37
	(A)	**18,584.68**	**17,599.78**
Sale of Services			
Contract research services		338.15	240.75
	(B)	**338.15**	**240.75**
Other Operating Revenue			
Sale of Scrap		17.67	13.92
Export and other incentives *		177.04	162.14
Others		197.95	93.27
	(C)	**392.66**	**269.33**
Revenue from Operations (Gross)	(A+B+C)	19,315.49	18,109.86

* Export and other incentives have been recognized on the following:

a) Incentive in the form of duty credit scrip upon sale of exports under Merchandise Exports from India Scheme under Foreign Trade Policy of India

b) Sales tax incentive and reimbursement of power cost under the Andhra Pradesh state incentives IIPP 2010-15 scheme. There are no unfulfilled conditions or contingencies attached to these incentives.

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

19. Other Income

	For the year ended March 31, 2017	For the year ended March 31, 2016
Net Gain on Foreign Exchange Fluctuations	238.91	-
Reversal of provision for insurance claim receivable (Net)	39.35	-
Reversal of provision for doubtful advance and receivables (Net)	-	5.32
Bad debts recovered	9.00	-
Profit on sale of subsidiary (valued at cost)	3.19	-
Miscellaneous Income	10.40	0.61
Lease rental income	18.48	13.33
Total	**319.33**	**19.26**

20. Cost of Materials Consumed

		For the year ended March 31, 2017	For the year ended March 31, 2016
Raw Materials Consumed			
Opening stock at the beginning of the year		2,182.40	2,310.94
Add : Stock acquired upon acquisition of subsidiary		45.25	-
Add : Purchases		9,831.01	10,041.26
Less : Sale of materials		-	67.03
		12,058.66	**12,285.17**
Less : Closing stock at the end of the year		1,946.39	2,182.40
	(A)	**10,112.27**	**10,102.77**
Packing Materials Consumed	(B)	74.78	80.11
Total	(A+B)	**10,187.05**	**10,182.88**

21. Increase in Inventories of Finished Goods and Work-in-Progress

	For the year ended March 31, 2017	For the year ended March 31, 2016
Opening stock of inventories		
Finished goods of API and Intermediates	1,222.06	915.04
Work-in-Progress of API and Intermediates	1,408.01	1,464.25
Add: Finished goods of API and Intermediates acquired upon acquisition of subsidiary	25.47	-
Add: Work-in-Progress of API and Intermediates acquired upon acquisition of subsidiary	20.19	-
	2,675.73	**2,379.29**
Closing stock of inventories		
Finished goods of API and Intermediates	1,496.24	1,222.06
Work-in-Progress of API and Intermediates	1,528.49	1,408.01
	3,024.73	**2,630.07**
Increase in inventories of finished goods and work-in-progress	**(349.00)**	**(250.78)**
Increase in Finished goods of API and Intermediates	(248.71)	(307.02)
Decrease/(Increase) in Work-in-Progress of API and Intermediates	(100.29)	56.24
Increase in inventories of finished goods and work-in-progress	**(349.00)**	**(250.78)**

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

22. Employee Benefits Expenses

	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries, allowances and wages	1,907.79	1,477.73
Contribution to provident fund and other funds	92.17	66.59
Gratuity expense (Note 29)	15.29	11.17
Share based payment expense	37.89	22.43
Managerial remuneration	186.56	130.58
Recruitment and training	20.24	16.27
Staff welfare expenses	202.37	160.40
Total	2,462.31	1,885.17

23. Other Expenses

	For the year ended March 31, 2017	For the year ended March 31, 2016
Consumption of stores and spares	181.85	174.01
Conversion charges	161.29	302.35
Factory maintenance	225.37	185.86
Effluent treatment expenses	161.09	133.94
Power and Fuel	662.74	579.55
Repairs & maintenance		
Plant and machinery	121.13	103.89
Buildings	39.06	18.91
Others	6.09	3.45
Product development	119.16	37.79
Testing and analysis charges	12.35	13.81
Rent	64.64	56.01
Rates and taxes	87.51	35.45
Office maintenance	22.32	18.68
Insurance	59.82	49.21
Printing and stationery	15.82	13.56
Consultancy and other professional charges	79.58	68.85
Membership and subscription	31.15	23.73
Remuneration to auditors *		
- Audit Fee	4.10	4.10
- Tax audit fee	0.50	0.40
- Limited Review	0.80	-
- Other services	0.20	0.17
- Out of pocket expenses	0.18	0.07
Travelling and conveyance	80.58	73.57
Communication expenses	20.46	16.51
Loss on sale of property, plant and equipment (net)	4.38	2.98
Advances and bad debts written off (net of provision of ₹ Nil 2016: ₹ 0.05))	0.20	16.56
Allowance for bad and doubtful advance and debts	37.25	-
Net Loss on Foreign Exchange Fluctuations	-	13.84
Provision for Insurance claim receivable	-	29.85
Carriage outwards	84.30	63.32
Commission on sales	75.52	48.55
Royalty	64.07	15.59
Other selling expenses	16.38	11.13
Business Promotion and Advertisement	50.28	41.86
CSR Expenditure (note 27)	41.03	27.02
Donations	6.66	0.90
Miscellaneous expenses	2.30	1.56
Total	2,540.16	2,187.03

* Excludes ₹ 20.87 (March 31, 2016: ₹ Nil) of which Group's share has been adjusted to securities premium.

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

24 A. Finance Income

	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest Income on		
Deposits and Margin money held	8.51	20.70
Security deposits at amortised cost	1.06	0.74
Others	5.48	2.90
Total	**15.05**	**24.34**

24 B. Finance Expenses

	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest		
- on Term loans	374.42	476.66
- on working capital loans	505.56	493.89
- on others	22.16	16.40
	902.14	**986.95**
Bank charges	67.77	72.96
Exchange differences to the extent considered as an adjustment to borrowing costs	29.05	51.18
Total	998.96	1,111.09

25. Other Comprehensive Income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

	For the year ended March 31, 2017	For the year ended March 31, 2016
Retained Earnings:		
Remeasurement costs on net defined benefit liability	(10.55)	(12.32)
Deferred tax effect on remeasurement costs	3.62	4.26
	(6.93)	(8.06)
Foreign exchange translation differences:		
Foreign exchange translation difference	1.74	5.09
Total	**1.74**	**5.09**

26. Earnings per share (EPS)

	For the year ended March 31, 2017	For the year ended March 31, 2016
The following reflects the profit and share data used in the basic and diluted EPS computations:		
Profit for the year attributable to shareholders	1,902.76	1,337.35
Less: Preference dividend and tax thereon	21.44	-
Profit available for equity shareholders	1,881.32	1,337.35
Weighted average number of equity shares in computing basic EPS *	90,514,497	62,577,976
Add: Effect of dilution *		
Convertible preference shares	10,229,412	35,559,384
Stock options granted under ESOP	529,204	256,272
Weighted Average number of Equity Shares in computing diluted earnings per share *	101,273,113	98,393,632
Face value of each equity share (₹)	10.00	10.00
Earnings per share		
- Basic (₹)	20.78	21.37
- Diluted (₹)	18.79	13.59

* During the year ended March 31, 2017, the Company on July 27, 2016, has allotted 73,971,303 equity shares of ₹ 10/- each to the then existing shareholders of the Company as Bonus shares in the ratio of 3:1. Accordingly, the earnings per share has been adjusted for bonus issue for previous periods presented in accordance with the requirements of Indian Accounting Standard (Ind AS) 33 - Earnings per share.

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27. Details of CSR expenditure

			March 31, 2017	March 31, 2016
a)	Gross amount required to be spent by the Group during the year:		24.61	18.79
(b)	Amount spent during the year ending on March 31, 2017:	Paid in cash	Yet to be paid in cash	Total
	(i) Construction/acquisition of any asset	-	-	-
	(ii) On purposes other than (i) above	41.03	-	41.03
(C)	Amount spent during the year ending on March 31, 2016:	Paid 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

28. Taxes

(a) Income tax expense:

The major components of income tax expenses for the year ended March 31, 2017 and for the year ended March 31, 2016 are:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(i) Profit or loss section		
Current tax	533.09	380.66
Adjustment of tax relating to earlier years	-	(25.04)
Deferred tax credit	(78.62)	(31.63)
Adjustment of deferred tax relating to earlier years	(15.83)	25.04
Total income tax expense recognised in statement of Profit & Loss	**438.64**	**349.03**
(ii) OCI Section		
Net loss on remeasurement of defined benefit plans	3.62	4.26
Income tax charged to OCI	**3.62**	**4.26**

(b) Reconciliation of effective tax rate:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Profit Before Tax (A)	2,351.95	1,690.40
Enacted tax rate in India (B)	34.61%	34.61%
Expected tax expenses (C = A*B)	813.96	585.01
Other than temporary difference		
Weighted deduction under section 35(2AB) under the Income Tax Act, 1961	(829.46)	(608.29)
Deduction under section 32AC of the Income Tax Act, 1961	(236.43)	(218.32)
Deduction under section 32AD of the Income Tax Act, 1961	(159.43)	-
Expenses disallowed under Income Tax Act, 1961	56.19	37.04
Profit on sale of subsidiary	(3.00)	-
Effect of lower tax rate in subsidiary	3.91	-
Results of subsidiary not taxable	78.85	104.73
Adjustment for taxes with respect to earlier years	2.05	-
Others	2.83	2.96
Total (D)	**(1,084.50)**	**(681.88)**
Profit after adjusting permanent difference	1,267.45	1,008.52
Expected tax expense	438.64	349.03
Actual Income Tax Expense (Benefit)	438.64	349.03
Effective Tax Rate	18.65%	20.65%

(c) The details of component of deferred tax assets are given under note 8.

(d) During the year ended March 31, 2017, the Group has paid dividend to its shareholders. This has resulted in payment of dividend distribution tax (DDT) to the taxation authorities. The Group believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence DDT paid is charged to equity.

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29. Gratuity

Defined Benefit Plans

The Group has a defined benefit gratuity plan and governed by Payment of Gratuity Act, 1972. 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, 2017	March 31, 2016	April 01, 2015
A)	Net employee benefit expense (recognised in Employee benefits expenses)			
	Current service cost	9.41	6.67	5.18
	Interest cost	6.00	4.55	3.49
	Expected return on plan assets	(0.12)	(0.05)	(0.10)
	Net employee benefit expenses	**15.29**	**11.17**	**8.57**
	Actual return on plan asset	(0.12)	(0.05)	(0.10)
B)	Amount recognised in the Balance Sheet			
	Defined benefit obligation	100.97	74.90	56.87
	Fair value of plan assets	1.88	0.49	1.45
		99.09	74.41	55.42
C)	Changes in the present value of the defined benefit obligation			
	Opening defined benefit obligation	74.90	56.87	43.68
	On acqusition of Subsidiary	3.83	-	-
	Current service cost	9.41	6.67	5.18
	Interest cost	6.00	4.55	3.49
	Benefits paid	(3.72)	(5.51)	(2.89)
	Net Actuarial (gains) / losses on obligation for the year recognised under OCI	10.55	12.32	7.41
	Closing defined benefit obligation	**100.97**	74.90	56.87
D)	Change in the fair value of plan assets			
	Opening fair value of plan assets	0.49	1.45	1.25
	Expected return on plan assets	0.12	0.05	0.10
	Contributions	4.99	4.50	2.99
	Benefits paid	(3.72)	(5.51)	(2.89)
	Closing fair value of plan assets	**1.88**	**0.49**	**1.45**

The Group expects to contribute ₹ 8.00 to the gratuity fund in the next year (March 31, 2016: ₹ 7.50, April 1, 2015- ₹ 5.00) against the short term liability of ₹ 8.36 (March 31, 2016: ₹ 6.70, April 1, 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, 2017	March 31, 2016	April 01, 2015
Investments with SBI Life Insurance Company Limited		100.00%	100.00%	100.00%
E)	Remeasurement adjustments:			
	Experience loss/ (gain) on plan liabilities	-	(5.62)	-
	Experience loss/ (gain) on plan assets	-	-	-
	Financial loss/ (gain) on plan liabilities	-	-	-
	Financial loss/ (gain) on plan assets	10.55	17.94	7.41
	Demographic loss/ (gain) on plan liabilities	-	-	-
	Demographic loss/ (gain) on plan assets	-	-	-
	Remeasurement gains/(losses) recognised in other comprehensive income:	**10.55**	**12.32**	**7.41**

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(i) The principal assumptions used in determining gratuity for the Group's plans are shown below:

	March 31, 2017	March 31, 2016	April 01, 2015
Discount rate	8.00%	8.00%	8.00%
Expected rate of return on assets	8.50%	8.50%	8.50%
Salary rise	16.00%	16.00%	15.00%
Attrition Rate	12.00%	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.

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

(ii) Disclosure related to indication of effect of the defined benefit plan on the entity's future cashflows:
Expected benefit payments for the year ending:

Period/ year ending	March 31, 2017	March 31, 2016	April 01, 2015
March 2017	32.66	21.85	13.15
March 2018	34.69	30.58	20.80
March 2019	49.27	34.22	29.95
March 2020	42.78	31.88	21.90
March 2021	31.80	24.13	17.27

The average duration of the defined benefit plan obligation at the end of the reporting period is 25.91 years (March 31, 2016: 26.17 years and April 01, 2015: 26.36 years).

(iii) Sensitivity analysis:
A quantitative sensitivity analysis for significant assumption is as shown below:

		March 31, 2017	March 31, 2016	April 01, 2015
(a)	Effect of 1% change in assumed discount rate on defined benefit obligation			
	- 1% increase	(11.58)	(8.63)	(6.43)
	- 1% decrease	13.84	10.29	15.27
(b)	Effect of 1% change in assumed salary escalation rate on defined benefit obligation			
	- 1% increase	0.44	6.71	4.60
	- 1% decrease	(0.44)	(5.63)	(3.90)
(c)	Effect of 1% change in assumed attrition rate on defined benefit obligation			
	- 1% increase	(11.58)	(8.63)	(6.43)
	- 1% decrease	13.84	10.29	7.64

(iv) Defined Contribution Plan

	March 31, 2017	March 31, 2016	April 01, 2015
Contribution to Provident Fund	83.97	60.54	50.41
Contribution to Superannuation Fund	11.35	7.18	6.44

30. Share based payments - Equity settled

ESOP 2011 Scheme

The board of directors/ compensation committee has approved the Laurus Employees Stock Option Scheme(ESOP) 2011 for issue of stock options shares to eligible employees of the Group 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. Options granted shall vest so long as the employee continues to be in the employment of the Group as on the date of vesting. Subject to an employee's continued employment with the Group, options can be exercised any time on or after the date of vesting of options as specified in the respective grants under the Scheme.

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ESOP 2016 Scheme

The board of directors/ compensation committee has approved the Laurus Employees Stock Option Scheme(ESOP) 2016 for issue of stock options to eligible employees of the Group effective from July 01, 2016. According to the Scheme, the options granted vest within a period of four years, subject to the terms and conditions specified in the scheme. Options granted shall vest so long as the employee continues to be in the employment of the Group as on the date of vesting. Subject to an employee's continued employment with the Group, options can be exercised any time on or after the date of vesting of options as specified in the respective grants under the Scheme.

Exercise period

Scheme	Grant	Number of options	Year 1-25%	Year 2-25%	Year 3-50%
ESOP 2011	Grant I	553,000	20-Sep-13	20-Sep-14	20-Sep-15
ESOP 2011	Grant II	28,000	19-Sep-14	19-Sep-15	19-Sep-16
ESOP 2011	Grant III	38,500	19-Sep-15	19-Sep-16	19-Sep-17
ESOP 2011	Grant IV	75,500	19-Sep-16	19-Sep-17	19-Sep-18
ESOP 2011	Grant V	185,438	19-Sep-17	19-Sep-18	19-Sep-19
ESOP 2016	Grant I	178,438	01-Jul-18	01-Jul-19	01-Jul-20

Scheme	Date of Grant	Number of options Granted *	Exercise price	Weighted Average Fair value of option at grant date
ESOP 2011	September 19, 2011	553,000	10	105.96
ESOP 2011	September 19, 2012	28,000	10	163.94
ESOP 2011	September 19, 2013	38,500	10	175.94
ESOP 2011	September 19, 2014	75,500	10	262.84
ESOP 2011	September 19, 2015	185,438	10	525.65
ESOP 2016	July 01, 2016	178,438	550	84.45

* The Company issued bonus shares in the ratio of 3 shares for every 1 share held.

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

	March 31, 2017 No. of options	March 31, 2016 No. of options	April 01, 2015 No. of options
Outstanding at the beginning of the year	260,313	377,000	453,375
Granted during the year	8,250	177,188	75,500
Additional options on adjustment of bonus issue @3:1 on July 15, 2016	788,439	-	-
Forfeited during the year	32,002	38,500	19,750
Exercised during the year	118,500	255,375	132,125
Outstanding at the end of the year	906,500	260,313	377,000
Exercisable at the end of the year	-	-	5,000
Weighted average exercise price for all the above options (not adjusted for bonus issue)	10	10	10

The details of activity under the Scheme ESOP 2016 are summarised below :

	March 31, 2017 No. of options	March 31, 2016 No. of options	April 01, 2015 No. of options
Outstanding at the beginning of the year	-	-	-
Granted during the year	178,438	-	-
Additional options on adjustment of bonus issue @3:1 on July 15, 2016	518,064	-	-
Forfeited during the year	27,002	-	-
Exercised during the year	-	-	-
Outstanding at the end of the year	669,500	-	-
Exercisable at the end of the year	-	-	-
Weighted average exercise price for all the above options (not adjusted for bonus issue)	550	-	-

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For options exercised during the year, the weighted average share price at the exercise date under ESOP 2011 scheme, was ₹ 514.79 per share (March 31, 2016: ₹ 385.64 per share, April 01, 2015: ₹ 267.91 per share) and under ESOP 2016 scheme, was ₹ Nil per share (March 31, 2016: ₹ Nil per share, April 01, 2015: ₹ Nil per share).

The weighted average remaining contractual life for the stock options outstanding under ESOP 2011 scheme as at March 31, 2017 is 3.19 years (March 31, 2016: 4.00 years, April 01, 2015: 2.24 years) and under ESOP 2016 as at March 31, 2017 is 4.76 years (March 31, 2016: Nil years, April 01, 2015: Nil years). The range of exercise prices for options outstanding under ESOP 2011 scheme as at March 31, 2017 was ₹ 10 (March 31, 2016: ₹ 10, April 01, 2015: 10) and under ESOP 2016 as at March 31, 2017 was ₹ 550 (March 31, 2016: ₹ Nil, April 01, 2015: ₹ Nil).

The weighted average fair value of stock options granted during the year under ESOP 2011 scheme was ₹ Nil (March 31, 2016: ₹ 525.65, April 01, 2015: ₹ 262.84) and under ESOP 2016 scheme was ₹ 84.45 (March 31, 2016: ₹ Nil, April 01, 2015: ₹ Nil). The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	March 31, 2017					
	ESOP 2011 scheme					ESOP 2016 scheme
	Grant V	Grant IV	Grant III	Grant II	Grant I	Grant I
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Expected volatility	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Risk-free interest rate	7.71%	8.56%	8.47%	8.01%	8.34%	7.03%
Weighted average share price of ₹	533.00	269.97	183.10	171.22	113.15	514.79
Exercise price of ₹	10	10	10	10	10	550
Expected life of options granted in years	3.51	3.50	3.50	3.50	3.51	2.50

	March 31, 2016					
	ESOP 2011 scheme					ESOP 2016 scheme
	Grant V	Grant IV	Grant III	Grant II	Grant I	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	10	10	10	10	-
Expected life of options granted in years	3.51	3.50	3.50	3.50	3.51	-

	April 01, 2015					
	ESOP 2011 scheme					ESOP 2016 scheme
	Grant V	Grant IV	Grant III	Grant II	Grant I	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	10	10	10	-
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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31. Trade Payables (Details of dues to Micro, Small and Medium Enterprises as per MSMED Act,2006):

	March 31, 2017	March 31, 2016	April 01, 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	11.46	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

The Group is engaged in the manufacture of Active Pharmaceutical Ingredients and intermediates and the same constitutes a single reportable business segment as per Ind AS 108.

33. Related party disclosures

Names of related parties and description of relationship

Name of the related party	Relationship
Company which exercises significant influence	
i) Bluewater Investment Limited *	
Associate Company	
i) Sriam Labs Private Limited **	
Enterprise over which Key Management Personnel exercise significant influence	
i) Laurus Infosystems (India) Private Limited	
Key Management Personnel	
i) Dr. C. Satyanarayana	Whole Time Director & Chief Executive Officer
ii) Dr. Raju S Kalidindi	Executive Director
iii) Mr. V.V. Ravi Kumar	Executive Director & Chief Financial Officer
iv) Mr. C. Chandrakanth ***	Executive Director
v) Amal Ganguli	Independent Director
vi) Frank J Wright	Independent Director
vii) Ramesh Subrahmanian	Independent Director (appointed w.e.f. August 09, 2016)
viii) Aruna Rajendra Bhinge	Independent Director (appointed w.e.f. July 07, 2016)
ix) Rajesh Chandy	Independent Director (appointed w.e.f. July 27, 2016)
x) Mr. G Venkateswar Reddy	Company Secretary (appointed w.e.f. January 18, 2016)
xi) Mrs. Janaki S	Company Secretary (appointed w.e.f. November 01, 2015 upto January 17, 2016)
xii) Mr. A Nagaraj Kumar	Company Secretary (resigned w.e.f. May 09, 2015)
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

* Cease to exercise significant influence effective from December 15, 2016

** Cease to be an associate and became subsidiary effective from November 01, 2016

*** Key Management Personnel effective from August 09, 2016

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Transactions during the year:

			March 31, 2017	March 31, 2016
a)	Company which exercises significant influence			
	i)	Bluewater Investment Limited		
		Issue of bonus equity shares	224.92	-
		Conversion of CCPS - Series B to equity shares	0.13	-
		Conversion of CCPS - Series C to equity shares	41.53	-
b)	Associate Company			
	i)	Sriam Labs Private Limited		
		Advance given	-	35.00
		Conversion Charges	4.42	7.95
		Purchase of goods	121.26	160.26
		Sale of goods	22.95	4.83
		Sale of assets	12.30	1.19
c)	Enterprise over which Key Management Personnel exercise significant influence			
	i)	Laurus Infosystems (India) Private Limited		
		Purchase of software	11.59	-
		Software Maintenance	9.51	19.19
d)	Key Management Personnel			
	i)	Dr. C. Satyanarayana		
		Remuneration	115.93	77.03
	ii)	Dr. Raju S Kalidindi		
		Remuneration	24.76	23.04
	iii)	Mr. V.V. Ravi Kumar		
		Remuneration	24.76	23.04
		Rent	0.74	0.63
	iv)	Mr. C. Chandrakanth		
		Remuneration	5.34	-
	v)	Amal Ganguli		
		Independent Directors Fee	3.39	2.40
		Sitting Fee	0.35	-
	vi)	Frank J Wright		
		Independent Directors Fee	3.90	3.82
		Sitting Fee	0.40	-
	vii)	Ramesh Subrahmanian		
		Independent Directors Fee	1.30	-
		Sitting Fee	0.60	-
	viii)	Aruna Rajendra Bhinge		
		Independent Directors Fee	1.48	-
		Sitting Fee	0.75	-
	ix)	Rajesh Chandy		
		Independent Directors Fee	1.82	-
		Sitting Fee	0.30	-
	x)	Mr. G.Venkateswar Reddy		
		Remuneration	4.12	1.44
	xi)	Mrs. Janaki S		
		Remuneration	-	0.18
	xii)	Mr. A Nagaraj Kumar		
		Remuneration	-	1.06
d)	Relatives of Key Management Personnel			
	i)	Mr. C. Narasimha Rao		
		Remuneration	4.96	4.13
	ii)	Mr. C. Chandrakanth		
		Remuneration	2.82	6.35
	iii)	Mrs. C. Soumya		
		Rent	1.38	1.25

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Closing Balances (Unsecured)

			March 31, 2017	March 31, 2016	April 01, 2015
a)	Associate Company				
	i)	Sriam Labs Private Limited			
		Disclosed under other current assets	-	35.00	-
		Disclosed under trade payables	-	1.87	78.88
b)	Enterprise over which Key Management Personnel exercise significant influence				
	i)	Laurus Infosystems (India) Private Limited			
		Trade Payables	-	1.75	-
c)	Key Management Personnel				
	i)	Dr. C. Satyanarayana *			
		Remuneration payable	58.06	38.50	-
	ii)	Dr. Raju S Kalidindi *			
		Remuneration payable	8.51	7.70	-
	iii)	Mr. V.V. Ravi Kumar			
		Remuneration payable	8.51	7.70	-
		Rent Payable	0.06	0.05	0.09
	iv)	Mr. C. Chandrakanth			
		Remuneration payable	2.49	-	-
	v)	Mr. G.Venkateswar Reddy			
		Remuneration payable	0.69	0.21	-
	vi)	Mr. A Nagaraj Kumar			
		Remuneration payable	-	-	0.43
d)	Relatives of Key Management Personnel				
	i)	Mr. C. Narasimha Rao			
		Remuneration payable	1.27	0.87	0.50
	ii)	Mr. C. Chandrakanth			
		Remuneration payable	-	1.42	0.86
	iii)	Mrs. C. Soumya			
		Rent Payable	0.11	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 ₹ 8,340.45 (March 31,2016: ₹ 9,174.51, April 01, 2015: ₹ 8,149.63).

The advance given to associate are in the nature of trade advances against orders for supply of goods & services and hence not disclosed as required under regulation 53 (f) read with para A of Schedule V of Securities And Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015.

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

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. Outstanding balances at the year-end are unsecured.

34. Significant accounting judgements, estimates and assumptions

The preparation of the Group's Consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

(A) Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements.

(i) Lease commitments - Group as lessor

The Group has entered into agreement to manufacture and supply intermediates produced at a dedicated block constructed exclusively for the lessee. The Group has

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identified assets under operating and finance lease based on the factors indicated under Appendix C to Ind AS 17 and terms of the agreement, viz., economic life of the asset vs. lease term, ownership of the asset after the lease term.

(ii) Lease commitments - Group as lessee

The Group has entered into leases for land and office premises. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the land and office premises and the fair value of the asset, that it does not retain significant risks and rewards of ownership of the land and the office premises and accounts for the contracts as operating leases.

(iii) Taxes

The Group has a Minimum Alternate Tax (MAT) credit of ₹ 1,473.62 as on March 31, 2017 (March 31, 2016: 989.60 Mn, April 01, 2015: 633.98). The Group recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. The Group based on its future projections of profit believes that the MAT credit would be utilized from financial year 2017-18.

(B) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimation requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The Black Scholes valuation model has been used by the Management for share-based payment transactions. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 30.

(ii) Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(iii) Defined employee benefit plans (Gratuity)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

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The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries. Further details about gratuity obligations are given in Note 29.

(iv) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See note 36 and 37 for further disclosures.

(v) Depreciation on property, plant and equipment

Depreciation on property, plant and equipment is calculated on a straight-line basis using the rates arrived at based on the useful lives and residual values of all its property, plant and equipment estimated by the management. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of property, plant and equipment, though these rates in certain cases are different from lives prescribed under Schedule II of the Companies Act, 2013.

35. Hedging activities and derivatives

Derivatives not designated as hedging instruments

The Group uses foreign currency denominated borrowings and foreign exchange forward contracts to manage some of its transaction exposures. The foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from one week to twelve months.

36. Fair Values

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Carrying value			Fair value		
	March 31, 2017	March 31, 2016	April 01, 2015	March 31, 2017	March 31, 2016	April 01, 2015
Financial assets at fair value through profit or loss:						
Investments	34.05	-	-	34.05	-	-
Financial assets at amortised cost:						
Loans	142.51	82.96	50.69	142.51	82.96	50.69
Others	109.69	7.78	166.80	109.69	7.78	166.80
Trade receivables	5,676.05	4,448.57	2,850.66	5,676.05	4,448.57	2,850.66
Cash & cash equivalents	24.23	128.06	395.28	24.23	128.06	395.28
Bank balances other than above	16.68	159.68	202.09	16.68	159.68	202.09
Financial liabilities at amortised cost:						
Borrowings (Non-current and Current)	8,417.47	10,277.10	8,185.80	8,417.47	10,277.10	8,185.80
Interest payable	27.25	45.92	40.35	27.25	45.92	40.35
Trade Payables	2,630.99	2,476.12	2,308.09	2,630.99	2,476.12	2,308.09
Other Payables	625.57	303.08	341.18	625.57	303.08	341.18
Financial liabilities at fair value through profit & loss:						
Derivative contracts	23.51	24.51	0.22	23.51	24.51	0.22

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The management assessed that cash and cash equivalents, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Further, the management has assessed that fair value of borrowings approximate their carrying amounts largely since they are carried at floating rate of interest.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

37. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at March 31, 2017:

	Fair value measurement using				
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets at fair value through profit or loss:					
Investments	March 31, 2017	34.05	-	34.05	-
Financial liabilities at fair value through profit & loss:					
Derivative Contracts	March 31, 2017	23.51	-	23.51	-

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at March 31, 2016:

	Fair value measurement using				
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial liabilities at fair value through profit & loss:					
Derivative Contracts	March 31, 2016	24.51	-	24.51	-

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at April 01, 2015:

	Fair value measurement using				
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial liabilities at fair value through profit & loss:					
Derivative Contracts	April 01, 2015	0.22	-	0.22	-

During the year ended March 31, 2017 and March 31, 2016, there were no transfers between Level 2 fair value measurements.

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Measurement of Fair Value

Valuation techniques

The following table shows the valuation techniques used in measuring Level 2 fair values for assets and liabilities carried at fair value through profit or loss.

Type	Valuation Technique
Assets measured at fair value:	
Investments	The fair value is determined based on value per share derived from net worth of the Company as at the reporting date.
Liabilities measured at fair value:	
Derivative contracts	The fair value is determined using quoted forward exchange rates at the reporting date.

38. Financial risk management objectives and policies

Financial Risk Management Framework

The Group is exposed primarily to Credit Risk, Liquidity Risk and Market risk (fluctuations in foreign currency exchange rates and interest rate), which may adversely impact the fair value of its financial instruments. The Group assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Group.

Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Group result in material concentration of credit risk, except for trade receivables.

Trade receivables:

The customer credit risk is managed by the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on the individual credit limits are defined in accordance with this assessment and outstanding customer receivables are regularly monitored. At March 31, 2017, the Group had 5 customers (March 31, 2016: 5 customers; April 01, 2015: 4 customers) that owed the Group more than ₹ 365.96 each (March 31, 2016: ₹ 126.62 each; April 01, 2015: ₹ 37.89 each) and accounted for approximately 60% (March 31, 2016: 62%, April 01, 2015: 53%) of all the receivables outstanding. The Group' receivables turnover is quick and historically, there was no significant defaults on account of those customer in the past. Ind AS requires an entity to recognise in profit or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised in accordance with Ind AS 109. The Group assesses at each date of statements of financial position whether a financial asset or a group of financial assets is impaired. Expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. The Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information.

Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed on periodic basis. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix.

Exposure to credit risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 5,676.05, ₹ 4,448.57 and ₹ 2,850.66 as of March 31, 2017, March 31, 2016 and April 1, 2015 respectively, being the total of the carrying amount of balances with trade receivables.

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Liquidity Risk

Liquidity risk refers to the risk that the Group cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	Up to 1 Year	1 to 3 years	3 to 5 years	> 5 years	Total
March 31, 2017:					
Non current borrowings	730.14	911.99	273.14	60.49	1,975.76
Current borrowings	6,441.71	-		-	6,441.71
Interest payable	27.25	-		-	27.25
Trade Payables	2,630.99	-		-	2,630.99
Other Payables	625.57	-		-	625.57
	10,455.66	**911.99**	**273.14**	**60.49**	**11,701.28**
March 31, 2016:					
Non current borrowings	865.51	3,103.34	1294.06	200.00	5,462.91
Current borrowings	4,814.19	-		-	4,814.19
Interest payable	45.92	-		-	45.92
Trade Payables	2,476.12	-		-	2,476.12
Other Payables	303.08	-		-	303.08
	8,504.82	**3,103.34**	**1,294.06**	**200.00**	**13,102.22**
April 01, 2015:					
Non current borrowings	849.06	2,130.06	727.65	162.68	3,869.45
Current borrowings	4,316.35	-		-	4,316.35
Interest payable	40.35	-		-	40.35
Trade Payables	2,308.09	-		-	2,308.09
Other Payables	341.18	-		-	341.18
	7,855.03	**2,130.06**	**727.65**	**162.68**	**10,875.42**

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Group's exposure to market risk is primarily on account of foreign currency exchange rate risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. In order to optimize the Group's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

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

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Group's profit before tax is affected through the impact on borrowings, as follows:

	Change in basis points		Effect on profit before tax	
	Increase	Decrease	Decrease	Increase
March 31, 2017				
Indian Rupees	0.50%	0.50%	(42.81)	42.81
US Dollars	0.50%	0.50%	(6.48)	6.48
March 31, 2016				
Indian Rupees	0.50%	0.50%	(43.69)	43.69
US Dollars	0.50%	0.50%	(8.28)	8.28

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment. .

Foreign Currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Group operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar against the functional currencies of the Group. The Group, as per its risk management policy, uses derivative instruments primarily to hedge foreign exchange. The Group evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in line with its risk management policies. The information on derivative instruments is as follows:

a) **Forward Contract (Derivatives):**

Forward contract outstanding as at Balance Sheet date:

March 31, 2017 Buy US $ 17,245,117	Hedging of borrowings and creditors
March 31, 2016 Buy US $ 12,918,777	Hedging of borrowings and creditors
March 31, 2015 Buy US $ 35,361,430	Hedging of borrowings and creditors

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

b) Details of Unhedged Foreign Currency Exposure:

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

	Currency	March 31, 2017			March 31, 2016			April 01, 2015		
		Amount in Foreign Currency	Amount in ₹	Conversion Rate	Amount in Foreign Currency	Amount in ₹	Conversion Rate	Amount in Foreign Currency	Amount in ₹	Conversion Rate
Secured loans	USD	4,861,278	315.20	64.84	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	93,408	6.06	64.84	41,053	2.72	66.33	12,715	0.80	62.59
Other Receivables	USD	-	-	-	-	-	-	-	-	-
Trade payables	USD	17,823,054	1,155.62	64.84	21,457,166	1,423.32	66.33	14,276,948	893.61	62.59
	EURO	418,643	28.99	69.25	537,808	40.39	75.10	197,321	13.32	67.51
	GBP	2,802	0.23	80.88	9,982	0.95	95.09	1,200	0.11	92.46
	CAD	19,687	1.00	50.82	-	-	-	-	-	-
Capital creditors	USD	87,600	5.68	64.84	-	-	-	250	0.02	62.59
	GBP	21	0.00 *	80.88	-	-	-	6,136	0.57	92.46
	CHF	-	-	-	2,147	0.15	68.54	-	-	-
	EURO	388,226	26.88	69.25	-	-	-	-	-	-
Trade receivables	USD	20,444,085	1,325.57	64.84	10,935,326	725.37	66.33	9,617,995	602.00	62.59
	EURO	3,012,737	208.62	69.25	816,892	61.34	75.10	1,672,162	112.89	67.51
	GBP	199,013	16.10	80.88	-	-	-	-	-	-
Cash & Bank	USD	2,840	0.18	64.84	1,240,991	82.32	66.33	1,724,426	107.93	62.59
	AED	20	0.00 *	17.62	-	-	-	-	-	-
	BRL	249	0.01	20.70	-	-	-	-	-	-
Advances from customers	USD	6,594,669	427.59	64.84	1,728,828	114.68	66.33	49,844	3.12	62.59
	EURO	9,670,637	669.67	69.25	2,237,684	168.04	75.10	2,315,854	156.34	67.51
Advances recoverable in cash or kind	USD	516,479	33.49	64.84	152,619	10.12	66.33	329,592	21.88	62.59
	EURO	235,381	16.30	69.25	176,845	13.28	75.10	238,987	16.13	67.51
	GBP	54,829	4.43	80.88	13,750	1.31	95.09	21,043	1.95	92.46
	CHF	3,664	0.24	64.91	-	-	-	6,313	0.41	64.83
	JPY	77,310	0.04	0.58	-	-	-	505,000	0.26	0.52
	CNY	-	-	-	-	-	-	4,120	0.04	10.20
	ZAR	-	-	-	-	-	-	330	0.00*	5.17
	HKD	-	-	-	-	-	-	90	0.00*	8.06

* Amount less than Indian Rupees 10,000

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

c) **Foreign currency sensitivity:**

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EURO exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including foreign currency derivatives. The Group's exposure to foreign currency changes for all other currencies is not material.

	Change in USD rate		Effect on profit before tax	
	Increase	Decrease	Increase/(Decrease)	
March 31, 2017				
USD	1.00%	1.00%	(5.51)	5.51
EURO	1.00%	1.00%	(5.01)	5.01
March 31, 2016				
USD	1.00%	1.00%	(20.13)	20.13
EURO	1.00%	1.00%	(1.34)	1.34

39. Group Information

Information about subsidiaries

The consolidated financial statements of the Group includes subsidiaries listed in the table below:

Name	Principal activities	Country of incorporation	% of equity interest		
			March 31, 2017	March 31, 2016	April 01, 2015
Laurus Synthesis Inc.	Chemistry, IP Development and related services to the global Pharmaceutical community	USA	100%	100%	100%
Sriam Labs Private Limited *	Active Pharmaceutical Ingredients (APIs) and Intermediates	India	100%	27%	27%
Viziphar Biosciences Private Limited ^	Research and development for use in human and veterinary medicine	India	-	100%	100%

* W.e.f November 01, 2016, the Group has acquired 100% shareholding of Sriam Labs Private Limited.

^ W.e.f April 01, 2016, the Group has divested its 100% share in Viziphar Biosciences Private Limited to an unrelated outside party.

40. Business combination

Acquisitions during the year ended March 31, 2017

Acquisition of Sriam Labs Private Limited

On November 01, 2016, the Group had acquired additional stake in shares of Sriam Labs Private Limited making it a wholly owned subsidiary (100% voting equity interests have been acquired). Sriam Labs Private Limited is a private limited company based in India and engaged in design, development and manufacture of Active pharmaceutical intermediates and Intermediates to cater to the needs of pharmaceutical industry, in exchange for cash. The Group acquired Sriam Labs Private Limited because it will help realize the anticipated growth opportunities and synergies from combining these businesses.

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Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Sriam Labs Private Limited as at the date of acquisition were:

	November 01, 2016
Non current assets	
Property, plant and equipment	675.81
Capital work in progress	67.50
Intangible assets	8.66
Financial Assets	
Loans	5.75
Others	1.63
Other non-current assets	
Deferred Tax Assets (Net)	52.07
	811.42
Current assets	
Inventories	96.40
Financial Assets	
Loans	0.17
Trade receivables	80.49
Cash and cash equivalents	6.82
Others	39.39
Current tax assets	5.31
Other Current Assets	54.00
	282.58
Total Assets (A)	**1,094.00**
Non Current Liabilities	
Financial Liabilities	
Borrowings	263.01
Provisions	5.06
	268.07
Current Liabilities	
Financial Liabilities	
Borrowings	163.57
Trade Payables	287.36
Current maturities and other liabilities	180.51
Current tax liabilities	4.77
Other current liabilities	17.07
Provisions	0.18
	653.46
Total Liabilities (B)	**921.53**
Total identifiable net assets at fair value **(C=A-B)**	**172.47**
Add: Share of profits considered as an associate	12.08
Add: Goodwill arising on acquisition (Note 17)	97.39
Less: Investment held	(71.98)
Total purchase consideration transferred	**209.96**

The fair value and the gross amount of trade receivables amounts to ₹ 80.49. However, none of the trade receivables is credit impaired and it is expected that the full contractual amounts can be collected.

The deferred tax asset mainly comprises the tax effect of the unused tax losses and accelerated depreciation for tax purposes of tangible and intangible assets. Such deferred tax assets have been recognised based on approval of business plan by subsidiary's board, agreements entered with customers, orders on hand, fresh infusion of funds, successful patent filings and a portfolio of drugs.

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The goodwill of ₹ 97.39 comprises the value of expected synergies arising from the acquisition. None of the goodwill recognised is expected to be deductible for income tax purposes.

From the date of acquisition, Sriam Labs Private Limited has contributed ₹ 230.02 of revenue from operations (gross) and reported a loss before tax of ₹ 36.46. If the combination had taken place at the beginning of the year, revenue from operations (gross) would have been ₹ 19,583.58 and the profit before tax for the Group would have been ₹ 2,274.37.

Purchase consideration

	March 31, 2017
Cash paid (included in cash flows from investing activities)	209.96
Total consideration	**209.96**
Analysis of cash flows on acquisition:	
Transaction costs of the acquisition (included in cash flows from operating activities)	0.42
Net cash acquired with the subsidiary (included in cash flows from investing activities)	6.82
Net cash flow on acquisition	**7.24**

The Group has issued cash consideration for the additional stake interest in Sriam Labs Private Limited. Transaction costs of ₹ 0.42 have been expensed and are included in other expenses. There is no contingent consideration in the business combination.

41. Investment in an associate

The Group has 27% interest in Sriam Labs Private Limited (herein referred to as 'Sriam Labs'), which is involved in the manufacturing and/or undertaking job work, trading, importing, exporting and/or otherwise dealing in all types of pharmaceutical products, medicines, organic and inorganic chemicals, drugs of all types, medical implements and surgical materials of various types used for human beings and animals. Sriam Labs is a private entity that is not listed on any public exchange. The Group's interest in Sriam Labs is accounted for using the equity method in the consolidated financial statements. On November 01, 2016, the Group's equity interest in its associate, Sriam Labs, increased from 27% to 100% and Sriam Labs became a subsidiary from that date.

The information for the year ended March 31, 2017 includes the results of Sriam Labs only for the period from April 01, 2016 to October 31, 2016, since Sriam Labs became a subsidiary on November 01, 2016. The following table illustrates the summarised financial information of the Group's investment in Sriam Labs Private Limited:

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Current assets	-	363.43	422.43
Non-current assets	-	759.57	396.90
Current liabilities	-	591.26	360.61
Non-current liabilities	-	320.19	232.26
Investment made by the Group	-	71.98	71.98
Equity	-	139.57	154.48
Proportion of the Group's ownership	-	27%	27%
Carrying value of investment	-	37.68	41.70
Goodwill recognised on investment	-	32.77	32.77
Carrying amount of the investment	-	70.45	74.47

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

Particulars	For the period ended October 31, 2016	For the year ended March 31, 2016
Revenue from Operations (Net)	268.08	528.52
Other Income	0.45	2.85
Cost of Materials Consumed	127.68	380.17
Increase in Inventories of Finished Goods and Work-in-Progress	29.44	(28.30)
Excise duty on sale of goods	7.36	15.04
Other Manufacturing Expenses	38.77	40.29
Employee Benefits Expenses	53.48	57.58
Other Expenses	20.25	16.42
Depreciation and Amortisation	30.08	30.27
Finance Expenses	39.05	40.18
Prior period expenses	-	2.85
Profit before tax	(77.58)	(23.13)
Income tax expense	38.50	8.23
Profit for the period	(39.08)	(14.90)
Total comprehensive loss for the period/year	(39.08)	(14.90)
Group's share of loss for the period/year	(10.55)	(4.02)

Contingent liabilities:

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Bills Discounted	-	52.84	30.41

42. Capital management

For the purpose of the Group's capital management, capital includes issued equity capital, compulsorily convertible preference shares, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure in consideration to the changes in economic conditions and the requirements of the financial covenants. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group intends to keep the gearing ratio between 0.5 to 1.5.The Group includes within net debt, borrowings including interest accrued on borrowings, less cash and short-term deposits.

	March 31, 2017	March 31, 2016	April 01, 2015
Borrowings including interest accrued on borrowings (Note 14)	8,444.72	10,323.02	8,226.15
Less: cash and short-term deposits (Note 11)	(40.91)	(287.74)	(597.37)
Net debt	8,403.81	10,035.28	7,628.78
Equity	1,057.56	823.80	821.25
Other Equity	12,246.92	7,744.18	6,387.37
Total Equity	13,304.48	8,567.98	7,208.62
Gearing ratio (Net Debt/ Total Equity)	0.63	1.17	1.06

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2017.

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

43. First time adoption of Ind AS

These are the Group's first set of financial statements which have been prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2016, the Group had prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Group has prepared financial statements which comply with Ind AS applicable for the year ending on March 31, 2017, together with the comparative period data as at and for the year ended March 31, 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Group's opening balance sheet was prepared as at April 01, 2015, the Group's date of transition to Ind AS. This note explains the principal adjustments made by the Group in restating its Indian GAAP financial statements, including the balance sheet as at April 01, 2015 and the financial statements as at and for the year ended March 31, 2016."

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Group has applied the following exemptions:

(a) The Group has elected to regard carrying values for all of property, plant and equipment as deemed cost at the date of the transition.

(b) Appendix C to Ind-AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind-AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Group has used Ind AS 101 exemption and assessed all arrangements based for embedded leases based on conditions in place as at the date of transition.

(c) Ind AS 101 requires a first-time adopter to apply derecognition requirements in Ind AS 109 prospectively to transactions occurring on or after the date of transition to Ind AS. Accordingly, the Group continues to de-recognise the financial assets and financial liabilities for transactions which have occurred before the date of transition to Ind AS.

(d) The Group has not applied Ind AS 21 retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to Ind AS. Such fair value adjustments and goodwill are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the parent or are non-monetary foreign currency items and no further translation differences occur.

Estimates

The estimates as at April 01, 2015 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from impairment of financial assets based on expected credit loss model where application of Indian GAAP did not require estimation. The estimates used by the Group to present these amounts in accordance with Ind AS reflect conditions at April 01, 2015 (transition date), March 31, 2016 and March 31, 2017.

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44. Reconciliation with Indian GAAP:

A.1 Reconciliation of equity as previously reported under Indian GAAP to Ind AS as at March 31, 2016:

		Indian GAAP	Effect of transition to Ind AS	Ind AS
Assets				
Non Current Assets				
Property, plant and equipment	(i), (ii)	10,792.59	(646.20)	10,146.39
Capital work in progress		696.00	-	696.00
Intangible assets		63.88	-	63.88
Investments in Associate		70.45	-	70.45
Financial assets				
Loans	(iii)	80.58	(3.45)	77.13
Deposits and others		7.78	-	7.78
Other non-current assets	(i), (iii), (iv), (vi)	1,281.07	(690.95)	590.12
Non-current tax assets		7.44	-	7.44
Deferred tax assets (Net)	(iv), (v)	(447.76)	996.48	548.72
		12,552.03	**(344.12)**	**12,207.91**
Current Assets				
Inventories		4,870.93	-	4,870.93
Financial assets				
Loans		5.83	-	5.83
Trade receivables		4,448.57	-	4,448.57
Cash & cash equivalents		128.06	-	128.06
Bank balances other than above		159.68	-	159.68
Other current assets	(i), (iii), (vi), (vii)	417.60	(3.34)	414.26
		10,030.67	**(3.34)**	**10,027.33**
Total Assets		**22,582.70**	**(347.46)**	**22,235.24**
Equity and Liabilities				
Shareholders' Funds				
Equity share capital		823.80	-	823.80
Other equity		7,694.39	49.79	7,744.18
Total Equity		**8,518.19**	**49.79**	**8,567.98**
Non Current Liabilities				
Financial liabilities				
Borrowings	(vi)	4,606.28	(8.88)	4,597.40
Provisions		67.71	-	67.71
Other non-current liabilities	(ii)	441.56	(276.90)	164.66
		5,115.55	**(285.78)**	**4,829.77**
Current Liabilities				
Financial liabilities				
Borrowings		4,814.19	-	4,814.19
Trade payables	(vii), (xi)	2,468.86	7.26	2,476.12
Current maturities and other liabilities	(vi)	1,244.59	(5.57)	1,239.02
Provisions	(xvi)	135.91	(59.39)	76.52
Current tax liabilities		60.12	-	60.12
Other current liabilities	(ii)	225.29	(53.77)	171.52
		8,948.96	**(111.47)**	**8,837.49**
Total Equity and Liabilities		**22,582.70**	**(347.46)**	**22,235.24**

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A.2 Reconciliation of equity as previously reported under Indian GAAP to Ind AS as at April 01, 2015:

	Notes	Indian GAAP	Effect of transition to Ind AS	Ind AS
Assets				
Non Current Assets				
Property, plant and equipment	(i), (ii)	7,948.99	(602.48)	7,346.51
Capital work in progress		1,096.69	-	1,096.69
Intangible assets		61.15	-	61.15
Investments in Associate		74.47	-	74.47
Financial assets				
Loans	(iii)	50.98	(2.97)	48.01
Deposits and others		81.42	-	81.42
Other non-current assets	(i), (iii), (iv), (vi)	963.97	(394.35)	569.62
Non-current tax assets	(iv), (v)	7.84	-	7.84
Deferred tax assets (Net)		(113.00)	650.87	537.87
		10,172.51	**(348.93)**	**9,823.58**
Current Assets				
Inventories		4,754.96	-	4,754.96
Financial assets				
Loans		2.68	-	2.68
Trade receivables		2,850.66	-	2,850.66
Cash & cash equivalents		395.28	-	395.28
Bank balances other than above		202.09	-	202.09
Deposits and others		85.38	-	85.38
Other current assets	(i), (iii), (vi), (vii)	361.48	(48.91)	312.57
		8,652.53	**(48.91)**	**8,603.62**
Total Assets		18,825.04	(397.84)	18,427.20
Equity And Liabilities				
Shareholders' Funds				
Equity share capital		821.25	-	821.25
Other equity		6,419.27	(31.90)	6,387.37
Total Equity		**7,240.52**	**(31.90)**	**7,208.62**
Non Current Liabilities				
Financial liabilities				
Borrowings	(vi)	3,036.77	(16.38)	3,020.39
Provisions		51.26	-	51.26
Other non-current liabilities	(ii)	446.58	(292.28)	154.30
		3,534.61	**(308.66)**	**3,225.95**
Current Liabilities				
Financial liabilities				
Borrowings		4,316.35	-	4,316.35
Trade payables	(vii)	2,307.87	0.22	2,308.09
Current maturities and other liabilities	(vi)	1,239.69	(8.88)	1,230.81
Provisions		54.52	-	54.52
Current tax liabilities		37.52	-	37.52
Other current liabilities	(ii)	93.96	(48.62)	45.34
		8,049.91	(57.28)	7,992.63
Total Equity and Liabilities		18,825.04	(397.84)	18,427.20

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

B.1 Reconciliation of Statement of Profit and Loss as previously reported under Indian GAAP to Ind AS for the year ended March 31, 2016:

		Indian GAAP	Effect of transition to Ind AS	Ind AS
Income				
Revenue from Operations (Gross)	(viii), (x)	18,171.80	(61.94)	18,109.86
	(x)	(334.08)	334.08	
Other Income	(viii)	5.93	13.33	19.26
Total Revenue (I)		17,843.65	285.47	18,129.12
Expenses				
Cost of Materials Consumed		10,182.88	-	10,182.88
Purchase of Traded Goods		149.50	-	149.50
Increase in Inventories of Finished Goods and Work-in-Progress		(250.78)	-	(250.78)
Excise duty on sale of goods	(x)	-	334.08	334.08
Employee Benefits Expenses	(xv)	1,897.49	(12.32)	1,885.17
Other Expenses	(ix), (xi), (xii), (xiii)	2,209.42	(22.39)	2,187.03
Total Expenses (II)		14,188.51	299.37	14,487.88
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) (I-II)		3,655.14	(13.90)	3,641.24
Depreciation and Amortisation	(viii), (xii)	921.88	(57.79)	864.09
Finance Income	(ix)	(23.60)	(0.74)	(24.34)
Finance Expenses		1,111.09	-	1,111.09
Profit Before Tax		1,645.77	44.63	1,690.40
Tax Expense				
Current tax		380.66	-	380.66
Adjustment of current tax relating to earlier years		(25.04)	-	(25.04)
Deferred tax credit		(45.90)	14.27	(31.63)
Adjustment of deferred tax relating to earlier years		25.04	-	25.04
Income tax expense /(Credit)		334.76	14.27	349.03
Share of loss of an associate		(4.02)	-	(4.02)
Profit for the year		1,306.99	30.36	1,337.35
Other comprehensive income				
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Re-measurement loss on employee defined benefit plans	(xv)	-	(12.32)	(12.32)
Deferred tax credit		-	4.26	4.26
Total other comprehensive income for the year, net of tax		-	(8.06)	(8.06)
Total comprehensive income for the year, net of tax		1,306.99	22.30	1,329.29

C. Notes to reconciliation of equity as at April 01, 2015, March 31, 2016 and March 31, 2017 and profit or loss for the year ended March 31, 2017 and March 31, 2016.

(i) Leasehold Land

The Group carries leasehold land in its books of accounts. As per Indian GAAP, leasehold land was classified as property, plant and equipment and was amortised over the period of lease tenure. However, as per Ind AS, premium paid is considered as prepayment of lease charges and is charged to Statement of profit and loss over the period of lease. The unamortised prepayments are disclosed under other non-current and current assets. This has resulted in decrease of carrying value of property, plant and equipment and increase in other non-current and current prepayments as at March 31, 2016 by ₹ 315.53 (April 01, 2015: ₹ 261.58).

(ii) Lease Assets

The Group has entered into agreement to manufacture and supply intermediates produced at a dedicated block constructed exclusively for the customer. The Group had recognised revenue on the reimbursements of fixed costs (depreciation) in the Indian GAAP. However, as per Ind AS, based on the terms of the arrangement, the dedicated block constructed for customer is considered as lease asset. Accordingly, the Group has identified assets into operating and finance lease based on

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the factors indicated under Appendix C to Ind AS 17 and terms of the agreement, viz., economic life of the asset vs. lease term, ownership of the asset after the lease term. Consequently, the assets, which have been classified as finance lease, have been derecognised from property, plant and equipment and adjusted against advance received from the customer. This has resulted in decrease of net block of property, plant and equipment and decrease in advance from customers as at March 31, 2016 by ₹ 330.67 (April 01, 2015: ₹ 340.90).

(iii) Security Deposit

The Group has paid interest free security deposits for office premises and effluent treatment process facility. As per Indian GAAP, the Group has recognised the security deposit under other non-current assets. As per Ind AS, (i) the security deposits are to be recognised at fair value, (ii) interest income on such security deposits are to be recognised through effective interest method and (iii) lease expense to be amortised over the period of lease on a straight line basis. Accordingly, the Group has recognised the security deposit at present value using the market rate of interest and the differential deposit amount is recognised over the period of lease. This has resulted in decrease of security deposits and increase of non-current and current deferred lease expenses as at March 31, 2016 by ₹ 3.45 (April 01, 2015: ₹ 2.97).

(iv) MAT Credit entitlement

MAT credit entitlement is to be presented under loans and advance in accordance with Guidance Note on "Accounting for Credit available in respect of MAT under the Income Tax Act, 1961" issued by ICAI. However, as per Ind AS, MAT credit entitlement is generally recognized as a deferred tax asset with a corresponding deferred tax benefit in the statement of profit and loss. Accordingly, the Group has reclassified the MAT credit entitlement from loans and advances to deferred tax assets as at March 31, 2016 ₹ 989.60 (April 01, 2015: ₹ 633.98).

(v) Deferred Tax Assets

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires accounting for deferred taxes using the Balance sheet approach, which focuses on temporary difference between the carrying amount of an asset or liability in the Balance Sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. In addition, the various transitional adjustments lead to temporary differences and the Group has accounted for such differences. Deferred tax adjustment are recognised in correlation to the underlying transaction either in retained earnings or a separate component in equity. Accordingly, the Group has recognised deferred tax assets/(liabilities) as at March 31, 2016 for ₹ 6.88 (April 01, 2015: ₹ 16.89).

(vi) Borrowings

Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised over the period. However, as per Ind AS 109, transaction costs (origination fees paid on financial liabilities) are considered as an integral part of the effective interest rate of the financial liability. Accordingly, the Group has adjusted unamortised processing fee paid towards the outstanding borrowings under financial liabilities as at March 31, 2016 for an amount of ₹ 14.45 (April 01, 2015: ₹ 25.26).

(vii) Valuation of foreign currency forward contracts

The Group had certain outstanding foreign currency forward contracts to hedge certain of its foreign currency financial liabilities. Under Indian GAAP, premium/ discount on forward contracts was amortised over the period of forward contract and the outstanding forward contracts was restated as at the balance sheet date. However, under Ind AS 109, the foreign currency financial assets and liabilities are restated at closing rate and the derivative contracts are fair valued by recognising the mark-to-market gain/loss on the forward contract in the statement of profit and loss. Accordingly, the Group has fair valued the derivative contracts by recognising the mark-to-market gain/loss on the forward contract in the statement of profit and loss by derecognising the unamortised premium and reversing the restatement on outstanding forward contracts as at the balance sheet date. This has resulted in an eventual increase of trade payables and decrease in other current assets as at March 31, 2016 by ₹ 10.75 and ₹ 9.12 respectively (April 01, 2015: ₹ 0.22 and ₹ 48.57 respectively).

(viii) Revenue

The Group has entered into agreement to manufacture and supply intermediates produced at a dedicated block constructed exclusively for the customer. The Group had recognised revenue on the reimbursements of fixed costs (depreciation on property, plant and equipment of the dedicated

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block) under Indian GAAP. However, as per Ind AS, based on the terms of the arrangement, the dedicated block constructed for customer is considered as a lease asset. Accordingly, the Group has identified such assets under finance lease and reversed the depreciation expenditure on such lease assets and reversed the revenue recognised on reimbursement of depreciation from the Customer. This has resulted in decrease of revenue and depreciation expense by ₹ 48.61. Further, the Group has continued to recognise lease rental income under other income on the assets which have been classified as operating lease. Accordingly, this has resulted in decrease of revenue and increase in other income by ₹ 13.33.

(ix) Finance Income

The Group has paid interest free security deposits for office premises and effluent treatment process. As per Ind AS, the Group has to recognise interest income on such security deposits through effective interest method and the excess of the principal amount of the deposit over its fair value is accounted for as prepaid lease expense and amortised over the lease term on a straight-line basis. Accordingly, the Group has recognised income on such security deposits through effective interest method and amortised the lease expenses over the period of lease on a straight line basis. This resulted in increase of other income and rental expense of March 31, 2016 by ₹ 0.74 and ₹ 0.84.

(x) Excise Duty on sale of Goods

As per Indian GAAP, excise duty should included in the turnover and should be shown as reduction from the gross turnover on the face of the statement of profit and loss. However, Ind AS 18 does not specifically prescribe any guidance for inclusive presentation of excise duty. Accordingly the Group has presented revenue gross of excise duty. This resulted in increase of revenue and increase of excise duty expense by ₹ 334.08.

(xi) Rent straight lining

As per Indian GAAP, the Group has provided additional expenditure towards rent straight lining. However, as per Ind AS, lease payments shall not be recognised as an expense on a straight-line basis over the lease term when the payments to the lessor are structured to increase in line with expected general inflation. Since, the Group has factored escalation clauses in the lease rental agreements based on the general inflation, no straight lining effect needs to be recognised in the statement of profit and loss. Accordingly, the Group has reversed the straight lining effect on rent. This resulted in decrease of rental expense and trade payables for March 31, 2016 by ₹ 3.49.

(xii) Leasehold Land

As per Ind AS, the premium paid on leasehold land is considered as prepayment of lease charges and same is charged to Statement of Profit and Loss over the period of lease. This resulted in increase of lease rental expense and decrease in depreciation for March 31, 2016 by ₹ 9.18.

(xiii) Valuation of foreign currency forward contracts

The Group had certain outstanding foreign currency forward contracts to hedge certain of its foreign currency financial liabilities. Under Indian GAAP, premium/ discount on forward contracts was amortised over the period of forward contract and the outstanding forward contracts was restated as at the balance sheet date. However, under Ind AS 109, the foreign currency financial assets and liabilities are restated at closing rate and the derivative contracts are fair valued by recognising the mark-to-market gain/loss on the forward contract in the statement of profit and loss. Accordingly, the Group has fair valued the derivative contracts by recognising the mark-to-market gain/loss on the forward contract in the statement of profit and loss by derecognising the unamortised premium and reversing the restatement on outstanding forward contracts as at the balance sheet date. This has resulted in reduction in loss on foreign exchange fluctuations by ₹ 28.92.

(xiv) Other comprehensive income

Under Indian GAAP, the Group has not presented other comprehensive income separately. Hence, it has reconciled Indian GAAP profit or loss to profit or profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

(xv) Remeasure of actuarial gains/ (losses):

Both under Indian GAAP and Ind AS, the Group recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements comprising of actuarial gains and losses are recognised immediately in the balance sheet with a corresponding debit or

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credit to retained earnings through OCI. Thus, the employee benefit cost for March 31, 2016 is reduced by 12.32 and remeasurement gains/ losses on defined benefit plans has been recognized in the OCI net of tax.

(xvi) Proposed dividend:

Under Indian GAAP, proposed dividends including DDT are recognised as a liability in the period to which they relate, irrespective of when they are declared. Under Ind AS, a proposed dividend is recognised as a liability in the period in which it is declared by the Group (usually when approved by shareholders in a general meeting) or paid. In the case of the Group, the declaration of dividend occurs after period end. Therefore, the liability of ₹ 59.39 for the year ended 31 March 2016 recorded for dividend has been derecognised against retained earnings and adjusted as an appropriation for the year ended March 31, 2017.

(xvii) Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

45. Commitments and Contingencies

a. Leases

Operating lease commitments - Group as lessor

The Group has entered into agreement to manufacture and supply intermediates produced at a dedicated block constructed exclusively for the lessee. The Group has identified assets under operating and finance lease based on the factors indicated under Appendix C to Ind AS 17 and terms of the agreement, viz., economic life of the asset vs. lease term, ownership of the asset after the lease term. This lease term of assets under operating lease is upto 10 years.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

	March 31, 2017	March 31, 2016	April 01, 2015
Within one year	39.24	13.74	13.38
After one year but not more than five years	156.97	54.96	53.53
More than five years	720.77	219.81	226.66
	916.98	**288.51**	**293.57**

Operating lease commitments - Group as lessee

The Group has entered into operating leases agreement on Land, with lease terms between 33-51 years. Also, the Group has taken certain office premises on leases, with lease term of 5 years and is renewable for further periods. There are escalation clauses in the office premises lease agreement to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

	March 31, 2017	March 31, 2016	April 01, 2015
In case of land taken on lease			
Lease payment recognised in the statement of profit and loss	10.50	9.18	6.66
Minimum lease payments under non cancellable operating leases payable:			
Within one year	10.81	10.50	9.18
After one year but not more than five years	43.23	42.00	36.73
More than five years	254.62	263.03	215.66
	319.15	**324.71**	**268.24**

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b. Commitments

	March 31, 2017	March 31, 2016	April 01, 2015
Estimated amount of contracts remaining to be executed on capital account and not provided for	587.00	1,179.00	1,223.00
Other commitments	Nil	Nil	Nil

c. Contingent Liabilities

		March 31, 2017	March 31, 2016	April 01, 2015
(i)	Outstanding bank guarantees (excluding performance obligations)	111.34	50.15	56.29
(ii)	Bills discounted	257.25	477.27	1,780.12
(iii)	Demand for direct taxes under appeal *	10.10	10.10	10.10
(iv)	Demand for indirect taxes under appeal **	101.03	-	-
(v)	Preference dividend	-	21.44	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 Group under the Income tax Act, 1961 of ₹ 10.10 (March 31, 2016: ₹ 10.10, April 01, 2015: ₹ 10.10). As against the same, the Group has paid tax under protest for ₹ 7.05 (March 31, 2016: ₹ 7.05, April 01, 2015: 7.05). The matter is pending before the Honourable High Court of Karnataka.

** Demand for indirect taxes majorly comprise demand for an amount of ₹ 99.78 (including 100% penalty on tax thereon) from the Commissioner of Central Excise, Customs & Service Tax, for the period October 2010 to March 2015, disputing that the Group is engaged in providing technical testing and analysis services performed in India but has not discharged service tax claiming them to be export of services. As against the same, the Group has paid tax under protest for ₹ 3.74 (March 31, 2016: ₹ Nil, April 01, 2015: Nil). The matter is pending before the Customs, Excise and Service Tax Appellate Tribunal.

The Group 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 Group's financial position and results of operations.

Note : In addition to above, the Group has provided ₹ 7.45 (March 31, 2016: ₹ Nil, April 01, 2015: ₹ Nil). All these cases are under litigations and are pending with various authorities, expected timing of resulting outflow of economic benefits cannot be specified.

46. Expenditure during construction period (pending allocation)

	March 31, 2017	March 31, 2016	April 01, 2015
Opening Balance	3.67	24.50	16.83
Add:			
Rates and Taxes	-	-	9.32
Power and fuel	9.27	8.57	20.58
Rent	0.55	2.14	3.28
Factory maintenance	4.34	3.35	5.06
Insurance	0.84	0.34	1.61
Others	0.50	0.51	0.29
Less:			
Capitalised during the year	18.48	35.74	32.47
	0.69	**3.67**	**24.50**

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47. The Group has completed the Initial Public Offer (IPO) of 31,116,785 equity shares of ₹ 10 each at an issue price of ₹ 428 per share (₹ 388 per share for eligible employees), consisting of fresh issue of 7,009,345 equity shares and an offer for sale of 24,107,440 equity shares by selling shareholders. The equity shares of the Group were listed on BSE Limited ('BSE') and National Stock Exchange of India Limited ('NSE'), w.e.f from December 19, 2016.

The details of utilisation of IPO proceeds - ₹ 2,859.24 (net off IPO related expenses including service tax - ₹ 137.86) are as follows:

Particulars	As per Prospectus	Utilised upto March 31, 2017	Unutilised amount as at March 31, 2017
Pre-payment of term loans	2,262.90	2,262.90	-
General corporate purposes	596.34	596.34	-
Total	**2,859.24**	**2,859.24**	-

The Group had originally estimated ₹ 644.00 (inclusive of service tax) as IPO related expenses. Of such IPO related expenses, certain expenses (such as listing fee) aggregating to ₹ 5.78 are directly attributable to the Group. Remaining IPO related expenses aggregating to ₹ 638.22, have been allocated between the Group (₹ 143.77) and the selling shareholders (₹ 494.45) in proportion to the equity shares allotted to the public as fresh issue by the Group and under offer for sale by the selling shareholders. The Group has incurred an amount of ₹ 592.11 (inclusive of service tax) towards IPO related expenses and does not expect any further expenditure. The remaining unspent amount of ₹ 51.89 has been re-allocated between the Group and the selling shareholders in the originally apportioned manner. Accordingly, an amount of ₹ 11.69 has been credited to securities premium and an amount of ₹ 40.20 is payable to the selling shareholders.

48. Disclosure on Specified Bank Notes (SBNs)

During the year, the Group had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification is given below:

	SBNs*	Other denomination notes	Total
Closing cash in hand as on November 08, 2016	2.29	1.66	3.95
Add: Permitted receipts	-	2.46	2.46
Less: Permitted payments	-	3.73	3.73
Less: Amount deposited in banks	2.29	0.05	2.34
Closing cash in hand as on December 30, 2016	-	0.34	0.34

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

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49. Summary of net assets and profit and loss:

Name of the entity	Net Assets*						Share in Profit/ (Loss)				Share in other comprehensive income				Share in total comprehensive income			
	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount	As % of consolidated profit/ (loss)	Amount	As % of consolidated profit/ (loss)	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
	March 31, 2017		March 31, 2016		April 01, 2015		March 31, 2017		March 31, 2016		March 31, 2017		March 31, 2016		March 31, 2017		March 31, 2016	
A. Parent	102.08%	13,581.83	101.82%	8,723.74	100.72%	7,260.30	14.80%	2,025.65	108.16%	1,446.52	93.65%	(6.49)	100.00%	(8.06)	106.51%	2,019.16	108.21%	1,438.46
B. Subsidiary incorporated in India																		
Viziphar Biosciences Private Limited	-	-	0.00%	(0.19)	0.00%	(0.28)	0.00%	0.19	0.01%	0.08	-	-	-	-	0.01%	0.19	0.01%	0.08
Sriam Labs Private Limited	1.09%	144.36	-	-	-	-	-0.20%	(27.66)	-	-	6.35%	(0.44)	-	-	-1.48%	(28.10)	-	-
C. Subsidiary incorporated outside India																		
Laurus Synthesis Inc.	-0.31%	(41.90)	0.41%	35.22	0.90%	64.74	-0.58%	(78.85)	-7.83%	(104.73)	-	-	-	-	-4.16%	(78.85)	-7.88%	(104.73)
D. Associate incorporated in India (investment as per Equity Method)																		
Sriam Labs Private Limited	-	-	0.82%	70.45	1.03%	74.47	-0.08%	(10.55)	-0.30%	(4.02)	0.00%	-	-	-	-0.56%	(10.55)	-0.30%	(4.02)
Total	102.85%	13,684.29	103.05%	8,829.22	102.64%	7,399.23	100.32%	1,908.78	100.04%	1,337.85	100.00%	(6.93)	100.00%	(8.06)	100.32%	1,901.85	100.04%	1,329.79
Consolidation adjustments	-2.85%	(379.81)	-3.05%	(261.24)	-2.64%	(190.61)	-0.32%	(6.02)	-0.04%	(0.50)	-	-	-	-	-0.32%	(6.02)	-0.04%	(0.50)
Net amount	100.00%	13,304.48	100.00%	8,567.98	100.00%	7,208.62	100.00%	1,902.76	100.00%	1,337.35	100.00%	(6.93)	100.00%	(8.06)	100.00%	1,895.83	100.00%	1,329.29

* 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.

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: May 18, 2017

For and on behalf of the Board of Directors
LAURUS LABS LIMITED (formerly known as Laurus Labs Private Limited)

Dr. C.Satyanarayana
Whole Time Director & Chief Executive Officer
DIN: 00211921

V.V.Ravi Kumar
Executive Director & Chief Financial Officer
DIN: 01424180

Place: Hyderabad
Date: May 18, 2017

G.Venkateswar Reddy
Company Secretary

Laurus Labs Limited

Regd. Office: Plot No.21, Jawaharlal Nehru Pharma City, Parawada, Visakhapatnam – 531 021
Corp. Office: 2nd Floor, Serene Chambers, Road No.7, Banjara Hills, Hyderabad – 500 034
CIN No.: L24239AP2005PLC047518

Notice

Notice is hereby given that the 12th Annual General Meeting of the Members of Laurus Labs Limited ***(the Company)*** will be held at Oyster Hall, Waltair Club, Opposite Government Circuit House, Siripuram, Visakhapatnam – 530 003, Andhra Pradesh **at 10.30 a.m. on Wednesday the 12th day of July, 2017,** to transact the following business:

ORDINARY BUSINESS :

1. **To consider and adopt:**
   (a) the audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2017, the reports of Board of Directors and Auditors thereon; and

   (b) the audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2017 and reports of Auditors thereon.

2. To appoint a Director in place of Mr. Rajesh Kumar Dugar (DIN 00307729) who retires by rotation and, being eligible, offers himself, for re-appointment.

3. To appoint a Director in place of Mr. Narendra Ostawal (DIN 06530414) who retires by rotation and, being eligible, offers himself, for re-appointment.

4. To declare dividend on equity shares of the Company for the Financial Year 2016-17.

5. To consider, and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** pursuant to the provisions of Sections 139 and 142(1) and other applicable provisions, if any, of the Companies Act, 2013 read with rules made thereunder, Deloitte Haskins & Sells LLP (DHS), Chartered Accountants, (Institute of Chartered Accountants of India Registration Number 117366W/W-100018) be and are hereby appointed as Statutory Auditors of the Company for a period of 5 years to hold office from the conclusion of this 12th Annual General Meeting until the conclusion of 17th Annual General Meeting to be held in the year 2022, subject to ratification by the members at every annual general meeting at a remuneration as may be determined by the Board of Directors of the Company".

6. To consider, and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder the re-appointment of M/s. Bharathula & Associates, Cost Accountants, as Cost Auditors for the financial year 2017-18 by the Board of Directors at a remuneration not exceeding 2,50,000/- (Rupees Two lakhs and Fifty thousand only) per annum excluding out of pocket & other expenses and service tax, as may be incurred in the course of Audit, be and is hereby ratified"

SPECIAL BUSINESS:

7. To consider and if thought fit, to pass the following resolution with or without modifications, as a Special Resolution:

   "**RESOLVED THAT** Bluewater Investment Ltd., will have right to nominate 1 (one) director on the Board of the Company until such time Bluewater Investment Ltd continues to hold 15% (fifteen percent) of the fully diluted share capital of the Company"

   "RESOLVED FURTHER THAT the above resolution shall be inserted as Article 49A of Articles of Association of the Company".

   "RESOLVED FURTHER THAT the Board of Directors on behalf of the Company be and are hereby severally authorized to file necessary forms with the Ministry of Corporate Affairs and to communicate the same to the Stock Exchanges and Securities & Exchange Board of India (SEBI), as may be required"

8. To consider and, if thought fit, to pass the following resolution with or without modifications, as a Special Resolution:

   "**RESOLVED THAT** the first paragraph in the Articles of Association and the subsequent words "PART A" be and are hereby removed from the Articles of Association of the Company"

   "RESOLVED FURTHER THAT the words "the Managing Director or whole-time Director(s), appointed or" be and are hereby removed from the Article No. 58, wherever they occur in Article No. 58"

"RESOLVED FURTHER THAT the entire PART B – (SPECIAL ARTICLES) be and is hereby removed from the Articles of Association of the Company"

"RESOLVED FURTHER THAT the Board of Directors on behalf of the Company be and are hereby severally authorized to file necessary forms with the Ministry of Corporate Affairs and to communicate the same to the Stock Exchanges and Securities & Exchange Board of India (SEBI), as may be required"

9. To consider and, if thought fit, to pass the following resolution with or without modifications, as a Special Resolution:

"**RESOLVED THAT** pursuant to the provisions of Section 180 (l) (a) and other applicable provisions, if any, of the Companies Act, 2013 (the Act) read with rules made there under, consent of the Company be and is hereby accorded to the Board of Directors of the Company and/ or Committee thereof (hereinafter referred to as "the Board") to create mortgages and/or charges on all or any of the assets and properties, immovable and movable, both present and future, including the undertaking of the Company and including floating charge/ assignment or hypothecation on a pari passu basis or otherwise over the Company's book debt/s, receivables, actionable claims, outstanding loans and advances and other assets and properties of the Company and including mortgages or charges over the specific security as agreed upon between the Company and the concerned lenders, with interest thereon at the respective agreed rates, penal/ additional interest, liquidated damages, costs, charges, expenses and/or monies, if any, due thereon, monies on the aforesaid securities already borrowed or to be borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) over the aggregate of the Paid-up Capital and Free Reserves of the Company up to ₹ 2,000 Crores (Rupees Two thousand Crores only) at any point of time."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to finalize and execute all such documents for creating the aforesaid mortgage and/or charge and on such terms and conditions as may be deemed fit, proper or appropriate in their absolute discretion and do all such acts, things and matters as may be necessary for giving effect to the foregoing Resolution"

10. To consider and, if thought fit, to pass the following resolution with or without modifications, as a Special Resolution:

"**RESOLVED THAT** the consent of members of the Company be and is hereby granted, in accordance with Section 180(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013 and the Articles of Association of the Company, to the Board of Directors of the Company or any committee thereof, in supersession of earlier resolutions, to borrow any sum or sums of money from time to time at their discretion, for the purpose of the business of the Company, which together with the monies already borrowed by the Company, (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed at any time, the aggregate of the paid-up capital of the Company and its free reserves (that is to say, reserves not set apart for any specific purpose) by a sum not exceeding ₹2,000 crores (Rupees Two Thousand Crores Only), and that the Board of Directors be and is hereby empowered and authorized to arrange or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as it may think fit."

11. To consider and, if thought fit, to pass the following resolution with or without modifications, as an Ordinary Resolution:

"**RESOLVED THAT** the approval of the Members be and is hereby accorded for the appointment of Mr.Krishna Chaitanya Chava as Assistant Vice President-Corporate Development with effect from April 15, 2017 with a salary of ₹ 60 lacs per annum (Cost to Company) along with other benefits as per eligibility to the respective cadre of Asst. Vice President, in terms of Section 188 of the Companies Act, 2013 and the relevant rules made thereunder and under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015"

"RESOLVED FURTHER THAT the Board of Directors on behalf of the Company be and are hereby authorized to undertake further actions, if any, in this regard"

12. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"**RESOLVED THAT** pursuant to Section 196, 197 and Schedule V and all other applicable provisions, rules, schedules of the Companies Act 2013 the remuneration of Mr. Chandrakanth Chereddi, Whole-time Director of the Company, DIN 06838798, be and is hereby increased with effect from April 1, 2017 as follows for the remainder period of his current term:

(a) Salary:
The Executive Director's aggregate salary shall be ₹ 10,000,000 (Rupees Ten Million only) per annum payable in 12 (twelve) monthly instalments **("Annual Salary")**. The aforesaid salary shall be

subject to deductions for income tax, contributions to provident fund, gratuity fund or superannuation fund and all other statutory deductions required to be made by the Company in accordance with applicable Laws. The Annual Salary shall stand increased by 10% every financial year (effective from 1st April of each year).

(b) Business Expenses:
The Executive Director shall be reimbursed by the Company for all reasonable out of pocket expenses incurred pertaining to or in connection with the performance of his duties under this Agreement in line with the Company's expenses policy. In the event, the Executive Director is required to travel, whether within India or abroad in relation to the obligations imposed on the Executive Director, such travel shall be in accordance with the Company travel policy.

(c) Annual Bonus :

(i) The Company shall pay the Executive Director a bonus of such amount as may be determined in accordance with (ii) below, based upon achievement of performance criteria in respect of each completed financial year with effect from April 1, 2017.

(ii) For every financial year, the Executive Director shall be eligible to receive a bonus (which shall be paid immediately upon the Board approving the audited accounts of the Company for the corresponding financial year) based upon the Company's achievement of the consolidated EBITDA projection for a financial year (on the basis that the consolidated non-interest financial charges are deducted while calculating the consolidated EBITDA and any EBITDA from acquisitions during the year be excluded, if it is so included in the consolidated EBITDA) **("Target")** in the following manner:

(A) Less than 75% of the Target = zero bonus;

(B) 75% or more of the Target = bonus equal to the percentage of the Target achieved multiplied by the 50% of Annual Salary (as increased on a yearly basis),

provided that the amount of bonus paid pursuant to this clause will not exceed 60% of the Annual Salary.

(d) Leave entitlement:
During the Term, the Executive Director shall be entitled (in addition to the usual public and bank holidays) to 20 (twenty) calendar days' of paid leave in each year as per the Company policy.

(e) Benefits:
The Executive Director shall be entitled to participate, along with the other employees of the Company, in any of the employee benefit and compensation plans, whether statutory or otherwise, as may be generally available to employees of the Company including car, leave travel allowance, gratuity, medical, health, insurance plans but excluding employee stock option plans. The Executive Director shall be provided with one recognized club membership of his choice for himself and his family at Hyderabad and the Executive Director shall inform the Board of his choice."

"RESOLVED FURTHER THAT Dr. Srihari Raju Kalidindi Mr. V V Ravi Kumar, being Directors of the Company and Mr. G. Venkateswar Reddy, Company Secretary of the Company be and are hereby severally authorized to do all such acts, matters, deeds and things necessary or desirable in connection with or incidental to the increase of remuneration of Whole-time directors of the Company, including but not limited to, issuance of letter(s) of increase of remuneration, making necessary entries in the statutory registers of the Company, filing necessary forms and documents with the jurisdictional Registrar of Companies and all other necessary and incidental acts in this regard."

13. To consider and, if thought fit, to pass the following resolution with or without modifications, as an Ordinary Resolution:

"**RESOLVED THAT** pursuant to Section 196, 197 and Schedule V and all other applicable provisions, rules, schedules of the Companies Act 2013 the terms of employment with respect to payment of Bonus to Dr. Satyanarayana Chava, having Director Identification Number 00211921, Whole-time Director and Chief Executive Officer of the Company be and are hereby modified as follows for the remaining period of 3 years of his term effective from 1st April 2017:

Annual Bonus :

(i) The Company shall pay the Chief Executive Officer a bonus of such amount as may be determined in accordance with (ii) below, based upon achievement of performance criteria in respect of each completed financial year, during the 3 (three) financial years starting from April 1, 2017, during which the employment subsists

(ii) For every financial year, the Chief Executive Officer shall be eligible to receive a bonus (which shall be paid immediately upon the Board approving the audited accounts of the Company for the corresponding financial year) based upon the Company's achievement of the consolidated EBITDA projection for such financial year (on the basis that the consolidated non-interest financial charges are deducted while calculating the consolidated EBITDA and any EBITDA from acquisitions during the year be excluded, if it is so included in the consolidated EBITDA) **("Target")** in the following manner:

(A) Less than 75% of the Target = zero bonus;

(B) 75% or more of the Target = bonus equal to the percentage of the Target achieved multiplied by the Annual Salary (as increased on a yearly basis),

provided that the amount of bonus paid pursuant to this clause will not exceed 120% of the Annual Salary."

"RESOLVED FURTHER THAT the other terms and conditions of his existing employment agreement will remain unchanged"

"RESOLVED FURTHER THAT Dr. Srihari Raju Kalidindi and Mr. V V Ravi Kumar, Executive Directors of the Company and Mr. G. Venkateswar Reddy, Company Secretary of the Company, be and are hereby severally authorized to do all such acts, matters, deeds and things necessary or desirable in connection with or incidental to the revision in terms of Bonus of Chief Executive Officer of the Company, including but not limited to, issuance of letter(s) of revised terms of Bonus, making necessary entries in the statutory registers of the Company, filing necessary forms and documents with the jurisdictional Registrar of Companies and all other necessary and incidental acts in this regard."

14. To consider and, if thought fit, to pass the following resolution with or without modifications, as an Ordinary Resolution:

"**RESOLVED THAT** pursuant to Section 196, 197 and Schedule V and all other applicable provisions, rules, schedules of the Companies Act 2013 the terms of employment with respect to payment of Bonus to Dr. Srihari Raju Kalidindi, having Director Identification Number 00982034, Executive Director of the Company be and are hereby modified as follows for the remaining period of 3 years of his term effective from 1st April 2017:

Annual Bonus :

(i) The Company shall pay the Executive Director a bonus of such amount as may be determined in accordance with (ii) below, based upon achievement of performance criteria in respect of each completed financial year, during the 3 (three) financial years starting from April 1, 2017, during which the employment subsists

(ii) For every financial year, the Executive Director shall be eligible to receive a bonus (which shall be paid immediately upon the Board approving the audited accounts of the Company for the corresponding financial year) based upon the Company's achievement of the consolidated EBITDA projection for such financial year (on the basis that the consolidated non-interest financial charges are deducted while calculating the consolidated EBITDA and any EBITDA from acquisitions during the year be excluded, if it is so included in the consolidated EBITDA) **("Target")** in the following manner:

(A) Less than 75% of the Target = zero bonus;

(B) 75% or more of the Target = bonus equal to the percentage of the Target achieved multiplied by the 50% of Annual Salary (as increased on a yearly basis),

provided that the amount of bonus paid pursuant to this clause will not exceed 60% of the Annual Salary."

"RESOLVED FURTHER THAT the other terms and conditions of his existing employment agreement will remain unchanged"

"RESOLVED FURTHER THAT Dr. Satyanarayana Chava and Mr. Ravi Kumar, Executive Directors of the Company and Mr. G. Venkateswar Reddy, Company Secretary of the Company, be and are hereby severally authorized to do all such acts, matters, deeds and things necessary or desirable in connection with or incidental to the revision in Bonus terms of Executive Director of the Company, including but not limited to, issuance of letter(s) of revised terms of Bonus, making necessary entries in the statutory registers of the Company, filing necessary forms and documents with the jurisdictional Registrar of Companies and all other necessary and incidental acts in this regard."

15. To consider and, if thought fit, to pass the following resolution with or without modifications, as an Ordinary Resolution:

"**RESOLVED THAT** pursuant to Section 196, 197 and Schedule V and all other applicable provisions, rules, schedules of the Companies Act 2013 the terms of employment with respect to payment of Bonus to

V V Ravi Kumar, having Director Identification Number 01424180, whole-time director of the Company be and are hereby modified as follows for the remaining period of 3 years of his term effective from 1st April 2017:

Annual Bonus :

(i) The Company shall pay the Executive Director a bonus of such amount as may be determined in accordance with (ii) below, based upon achievement of performance criteria in respect of each completed financial year, during the 3 (three) financial years starting from April 1, 2017, during which the employment subsists

(ii) For every financial year, the Executive Director shall be eligible to receive a bonus (which shall be paid immediately upon the Board approving the audited accounts of the Company for the corresponding financial year) based upon the Company's achievement of the consolidated EBITDA projection for such financial year (on the basis that the consolidated non-interest financial charges are deducted while calculating the consolidated EBITDA and any EBITDA from acquisitions during the year be excluded, if it is so included in the consolidated EBITDA) **("Target")** in the following manner:

(A) Less than 75% of the Target = zero bonus;

(B) 75% or more of the Target = bonus equal to the percentage of the Target achieved multiplied by the 50% of Annual Salary (as increased on a yearly basis),

provided that the amount of bonus paid pursuant to this clause will not exceed 60% of the Annual Salary."

"RESOLVED FURTHER THAT the other terms and conditions of his existing employment agreement will remain unchanged"

"RESOLVED FURTHER THAT Dr. Satyanarayana Chava and Dr. Srihari Raju Kalidindi Executive Directors of the Company and Mr. G. Venkateswar Reddy, Company Secretary of the Company, be and are hereby severally authorized to do all such acts, matters, deeds and things necessary or desirable in connection with or incidental to the revision in terms of Bonus of Executive Director of the Company, including but not limited to, issuance of letter(s) of revised terms of Bonus, making necessary entries in the statutory registers of the Company, filing necessary forms and documents with the jurisdictional Registrar of Companies and all other necessary and incidental acts in this regard."

16. To consider and, if thought fit, to pass the following resolution with or without modifications, as an Ordinary Resolution:

    "RESOLVED THAT pursuant to the provisions of Sections 149, 152 and 161 read with Schedule IV of the Companies Act, 2013 together with applicable rules and provisions made thereunder and in terms of Articles of Association of the Company and Regulation 17 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015, the consent of the Members of the Company be and is hereby accorded for appointment of Dr. M. Venu Gopala Rao having Director Identification Number 00012704, as Independent Director of the Company for a period of 5 years with effect from May 18, 2017"

    "RESOLVED FURTHER THAT Dr. M. Venu Gopala Rao, in his capacity as Independent Director, shall be eligible for remuneration and sitting fee as may be decided by the Nomination and Remuneration Committee and/or Board of Directors of the Company"

    "RESOLVED FURTHER THAT Dr. C. Satyanarayana, CEO of the Company, Dr. Srihari Raju Kalidindi and Mr. V. V. Ravi Kumar, Executive Directors of the Company and Mr. G. Venkateswar Reddy, Company Secretary of the Company be and are hereby severally authorized to do all the needful activities in this regard including any filings with the Registrar of Companies, Andhra Pradesh"

17. To consider and, if thought fit, to pass the following resolution with or without modifications, as an Ordinary Resolution:

    "RESOLVED THAT pursuant to the provisions of Sections 149, 152 and 161 read with Schedule IV of the Companies Act, 2013 together with applicable rules and provisions made thereunder and in terms of Articles of Association of the Company and Regulation 17 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015, the consent of the Members of the Company be and is hereby accorded for appointment of Dr. Ravindranath Kancherla having Director Identification Number 00117940, as Independent Director of the Company for a period of 5 years with effect from May 18, 2017"

    "RESOLVED FURTHER THAT Dr. Ravindranath Kancherla, in his capacity as Independent Director, shall be eligible for remuneration and sitting fee as may be decided by the Nomination and Remuneration Committee and/or Board of Directors of the Company"

"RESOLVED FURTHER THAT Dr. C. Satyanarayana, CEO of the Company, Dr. Srihari Raju Kalidindi and Mr. V V Ravi Kumar, Executive Directors of the Company and Mr. G. Venkateswar Reddy, Company Secretary of the Company be and are hereby severally authorized to do all the needful activities in this regard including any filings with the Registrar of Companies, Andhra Pradesh"

18. To consider and, if thought fit, to pass the following resolution with or without modifications, as a Special Resolution:

    "**RESOLVED THAT** pursuant to the provisions of Section 62 and all other applicable provisions, if any, of the Companies Act 2013, the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (the "SBEB Regulations") (including any statutory modification(s) or re-enactment of the Act or the SBEB Regulations, for the time being in force) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee, including Nomination and Remuneration Committee, which may exercise its powers, including the powers conferred by this resolution), **"LAURUS EMPLOYEES STOCK OPTION SCHEME 2011"** (hereinafter referred as the "ESOP Scheme, 2011" or "Scheme") as approved by the Company prior to Initial Public Offering (IPO) of Shares of the Company be and is hereby ratified within the meaning of Regulation 12 of SBEB Regulations and the consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot at any time to or for the benefit of such person(s) who are in the employment of the Company, including Directors of the Company whether whole time or otherwise whether working in India or out of India, excluding Independent Directors, the Stock Options exercisable into equity shares already approved under the ESOP Scheme 2011."

    "RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot Equity shares upon exercise of such option from time to time in accordance with ESOP Scheme, 2011 and such equity shares shall rank pari passu in all respects with the existing Equity Shares of the Company."

    "RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issue, bonus issues, stock split, merger and sale of division and others, if any additional stock options are issued by the Board to the option grantees for the purpose of making a fair and reasonable adjustment to the options granted earlier, the stock options under ESOP 2011 shall be deemed to be increased/adjusted to the extent of such additional options issued"

    "RESOLVED FURTHER THAT for the purpose of giving effect to any creation, offer, issue, allotment of equity shares, the Board/Committee be and is hereby authorized on behalf of the Company, to evolve, decide upon and bring in to effect the Scheme and make any modifications, changes, variations, alterations, or revisions in the said Scheme from time to time or to suspend, withdraw or revive the Scheme from time to time as may be specified by any statutory authority and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties, or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company."

19. To consider and, if thought fit, to pass the following resolution with or without modifications, as a Special Resolution:

    "**RESOLVED THAT** pursuant to the provisions of Section 62 and all other applicable provisions, if any, of the Companies Act 2013, the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (the "SBEB Regulations") (including any statutory modification(s) or re-enactment of the Act or the SBEB Regulations, for the time being in force) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee, including Nomination and Remuneration Committee, which may exercise its powers, including the powers conferred by this resolution), **"LAURUS LABS EMPLOYEE STOCK OPTION SCHEME 2016"** (hereinafter referred as the "ESOP Scheme, 2016" or "Scheme") as approved by the Company prior to Initial Public Offering (IPO) of Shares of the Company be and is hereby ratified within the meaning of Regulation 12 of SBEB Regulations and the consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot at any time to or for the benefit of such person(s) who are in the employment of the Company, including Directors of the Company whether whole time or otherwise whether working in India or out of India, excluding Independent Directors, the Stock Options exercisable into equity shares already approved under the ESOP Scheme 2016."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot Equity shares upon exercise of such option from time to time in accordance with ESOP Scheme, 2016 and such equity shares shall rank *pari passu* in all respects with the existing Equity Shares of the Company."

"RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issue, bonus issues, stock split, merger and sale of division and others, if any additional stock options are issued by the Board to the option grantees for the purpose of making a fair and reasonable adjustment to the options granted earlier, the stock options under ESOP 2016 shall be deemed to be increased/adjusted to the extent of such additional options issued"

"RESOLVED FURTHER THAT for the purpose of giving effect to any creation, offer, issue, allotment of equity shares, the Board/Committee be and is hereby authorized on behalf of the Company, to evolve, decide upon and bring in to effect the Scheme and make any modifications, changes, variations, alterations, or revisions in the said Scheme from time to time or to suspend, withdraw or revive the Scheme from time to time as may be specified by any statutory authority and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties, or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company."

By order of the Board
Laurus Labs Limited

G. Venkateswar Reddy
Company Secretary

Regd. Office:
Plot No. 21,
Jawaharlal Nehru Pharma City,
Parawada,
Visakhapatnam – 531 021
E-mail: secretarial@lauruslabs.com

Place: Hyderabad
Date: May 18, 2017

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company. The proxies to be effective, should be deposited at the Corporate Office of the Company not later than 48 hours before the commencement of the meeting. Blank proxy form is attached.

2. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.

3. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of Special Business set out above is annexed hereto and forms part of the Notice.

4. Brief resume of Directors proposed to be appointed/ re-appointed, nature of their expertise in specific functional areas, name of companies in which they hold directorships and membership/chairmanships of Board Committees and shareholding in the Company as stipulated under SEBI (LODR) Regulations, 2015 are provided in the Report on Corporate Governance forming part of the Annual Report.

5. Members/Proxies are requested to hand over the enclosed Attendance Slip duly filled in, at the entrance for attending the meeting.

6. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of Board Resolution authorizing their representatives to attend and vote on their behalf in the meeting.

7. The Register of Members and Share Transfer Books of the Company will remain closed from July 10, 2017 to July 12, 2017 (both days inclusive) for the Annual General Meeting and for payment of dividend.

8. Documents referred to in the accompanying Notice and Explanatory Statement are available for inspection at the Corporate Office of the Company during office hours between 11 am and 5 pm on all working days prior to the date of the Annual General Meeting.

9. Members are requested to notify immediately any change of address to their Depository Participants (DPs) in respect of their holdings in electronic form and to the Registrars of the Company i.e. Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad – 500 032 in respect of their physical share folios, if any.

10. Shareholders are requested to bring their copies of Annual Report to the Annual General Meeting.

11. Members who hold shares in dematerialised form are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting.

12. Members may also note that the Notice of the 12th Annual General Meeting and the Annual Report for 2016-17 will also be available on the Company's website www.lauruslabs.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Corporate Office in Hyderabad for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: secretarial@lauruslabs.com.

13. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company/Karvy.

15. **Members who have not registered their e-mail addresses so far are requested to register their email address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.**

16. Procedure of E-Voting – In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and as per the requirements of the SEBI (LODR) Regulations 2015, your Company is pleased to provide members facility to exercise their right to vote at the 12th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Karvy Computershare Private Limited

The instructions for E-voting are as follows:

i. To use the following URL for e-voting: https://evoting.karvy.com

ii. Shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date, may cast their vote electronically.

iii. Enter the login credentials. The E-Voting Event Number + Folio No. or DP ID Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote. If required, please visit https://evoting.karvy.com or contact toll free number 1-800-3454-001 for your existing password.

iv. After entering the details appropriately, click on LOGIN.

v. You will reach the Password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (e-z), one numeric value (0-9) and a special character. The system will prompt you to change your password and update any contact details like mobile, email etc. on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

vi. You need to login again with the new credentials.

vii. On successful login, the system will prompt you to select the EVENT i.e., Laurus Labs Limited.

viii. On the voting page, enter the number of shares as on the cut-off date under FOR/AGAINST or alternately you may enter partially any number in FOR and partially in AGAINST but the total number in FOR/AGAINST taken together should not exceed the total shareholding. You may also choose the option ABSTAIN.

ix. Shareholders holding multiple folios / demat account shall choose the voting process separately for each folios / demat account.

x. Cast your vote by selecting an appropriate option and click on SUBMIT. A confirmation box will be displayed. Click OK to confirm else CANCEL to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, shareholders can login any number of times till they have voted on the resolution.

xi. Once the vote on the resolution is cast by the shareholder, he shall not be allowed to change it subsequently.

xii. The Portal will be open for voting from 9.00 a.m. on July 9, 2017 to 5.00 p.m. on July 11, 2017

xiii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual for shareholders available at the download section of http://evoting.karvy.com or contact Toll Free No. 18003454001

xiv. **Corporate / Institutional Members** (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution / Power of Attorney / Authority Letter, etc., together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail ID: secretarial@lauruslabs.com. They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_EVENT NO."

17. The facility for voting through polling paper shall be made available at the Annual General Meeting (the "meeting") and the members attending the meeting who have not cast their votes by remote e-voting shall be able to exercise their right to vote at the meeting.

18. The members who have cast their vote by remote e-voting may also attend the meeting but shall not be entitled to cast their vote again.

19. The Board of Directors of the Company has appointed Mr. Y. Ravi Prasada Reddy, Proprietor of RPR Associates, a Practicing Company Secretary, as scrutinizer to scrutinize the remote e-voting process and voting at the meeting in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for the said purpose.

20. The voting rights shall be reckoned on the paid-up value of shares registered in the name of the member/ beneficial owner (in case of electronic shareholding) as on the cut-off date i.e. 7th July 2017.

21. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date i.e. 7th July 2017 only shall be entitled to avail the facility of remote e-voting/ voting at the meeting.

22. Any person who becomes a member of the Company after dispatch of the Notice of the meeting and holding shares as on the cut-off date may obtain the USER ID and Password in the manner as mentioned below:

a. If the mobile number of the member is registered against Folio No. / DP ID Client ID, the member may send SMS : MYEPWD <space> E-Voting Event number+ Folio No. or DP ID Client ID to 9212993399

Example for NSDL	:	MYEPWD <SPACE> IN12345612345678
Example for CDSL	:	MYEPWD <SPACE> 1402345612345678
Example for Physical	:	MYEPWD <SPACE> XXX1234567890

b. If e-mail address or mobile number of the member is registered against Folio No./ DP ID Client ID, then on the home page of https://evoting.karvy.com, the member may click "forgot password" and enter Folio No. or DP ID Client ID and PAN to generate a password.

c. Member may call Karvy's toll free number 1-800-3454-001

d. Member may send an e-mail request to einward.ris@karvy.com

If the member is already registered with Karvy e-voting platform then he can use his existing User ID and password for casting the vote through remote e-voting.

24. The Scrutinizer, after scrutinizing the votes cast at the meeting and through remote e-voting, will, not later than three days of conclusion of the meeting, make a consolidated Scrutinizer's Report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company www.lauruslabs.com and on the website of the Karvy https://evoting.karvy.com. The results shall simultaneously be communicated to the Stock Exchanges.

EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT 2013

Item No. 7 & 8:

The Company has successfully completed its Initial Public Offering (IPO) of Equity Shares during the Financial Year 2016-17 and the Equity Shares of the Company got listed on National Stock Exchange of India Limited and BSE Limited with effect from December 19, 2016.

Prior to the IPO, the Company had entered into Investment Agreement with certain Private Equity Investors, namely Aptuit Asia Pvt Ltd., FIL Capital Management (Mauritius)

Ltd., Fidelity India Principals and Bluewater Investment Ltd wherein these Private Equity Investors were given certain rights including right to appoint nominee directors on the Board of the Company. It was agreed amongst the Company and these Private Equity Investors that pursuant to completion of successful IPO, the Investment Agreement would get terminated. However, it was also agreed that the right accorded to Bluewater Investment Ltd. to appoint one nominee director on the Board the Company would continue to exist beyond successful IPO until Bluewater Investment Ltd. continue to hold 15% (fifteen percent) of the fully diluted share capital of the Company which was stated in Article 112.14.5 of Part-B of Articles of Association. As part of IPO process, Securities & Exchange Board of India advised the Company vide its letter dated October 10, 2016 that the right of Bluewater Investment Ltd., to nominate a director on the Board of the Company shall be exercised only after obtaining shareholders' approval through a special resolution after the IPO. Therefore, it is proposed to approve the same as a Special Resolution and the same will be inserted as Article 49A of the Articles of Association of the Company.

Further, in Article 58 of the Company, it is stated that Managing Director and Whole-time Director(s) shall not retire by rotation. In order to comply with the provisions of Sections 149 and 152(6) of the Companies Act, 2013, it is proposed to remove this part from Article 58.

Similarly, some consequential changes like removal of first paragraph and subsequent words "Part A" and removal of entire Part-B are proposed in order to make Articles updated. It may be noted that in the Articles itself, it was stated that Part-B of Articles of Association which provided special rights to the Private Equity Investors would automatically get terminated without any further action.

Accordingly, your Directors recommend these resolutions for your approval as Special Resolutions.

None of the Directors or Key Managerial Personnel or relatives of Directors and Key Managerial Persons are concerned or interested in these resolutions.

Item No.9 & 10:

The members of the Company in the General Meeting held on June 9, 2016 had granted powers to the Board of Directors to borrow monies in excess of the paid up capital and free reserves up to an amount not exceeding ₹ 2,000 Crores (Rupees Two thousand Crores only) as per Section 180(1)(c) of the Companies Act, 2013 and also to mortgage/alienate the properties in favour of the Lenders u/s. 180(1)(a) of the Act by means of Special Resolutions. However, at that point of time, the Company was a Private Limited Company. Subsequently, the Company became a Listed Company after its successful IPO during the previous Financial Year. Therefore, it is proposed to obtain the approval of the shareholders once again for the said resolutions.

Hence, your directors recommend these resolutions to be passed as Special Resolutions to authorise the Board of Directors of the Company (or any committee as authorised by the Board), to borrow monies exceeding the paid up capital and free reserves up to an amount not exceeding ₹ 2,000 Crores (Rupees Two Thousand Crores Only) in pursuance of Section 180(1)(c) of the Companies Act, 2013 and also to mortgage/alienate the properties in favour of the Lenders u/s. 180(1)(a) of the Companies Act, 2013.

Accordingly, your Directors recommend these resolutions for your approval as Special Resolutions.

None of the Directors or Key Managerial Personnel or relatives of Directors and Key Managerial Persons are concerned or interested in this resolution.

Item No.11:

The Board of Directors in their meeting held on April 19, 2017 approved, subject to the approval of Members, the proposal for the appointment of Mr. Krishna Chaitanya Chava S/o. Dr. Satyanarayana Chava, CEO of the Company, as Asst. Vice President-Corporate Development with effect from April 15, 2017 with a salary of ₹ 60 lacs per annum (Cost to Company-CTC) along with other benefits as per eligibility to the cadre of Asst. Vice President. His performance will be subject to appraisal of the Management like any other employee of his cadre.

The credentials of Mr. Krishna Chaitanya Chava are as follows:

Mr. Krishna Chaitanya has completed his Bachelor of Engineering from Birla Institute of Technology & Science (BITS) Pilani, Dubai, in the year 2012. He has also completed his Master of Science from North Carolina State University, USA in 2013. He has also completed his Master of Business Administration (MBA) from Indian School of Business (ISB), Hyderabad recently.

Mr. Chaitanya has worked for about three years in Dr. Reddy's Laboratories Ltd., Hyderabad in Domestic Formulations Strategy, during March 2014 to December 2016. He has also gained hands on experience during his studies such as Organizing Head, Comsol Workshop, BITS Pilani, Dubai; Intern, Microsol International, Fujairah, UAE; Intern, Lotus Paints, Buraimi, Oman; and President, Linux Users Group, BITS Pilani, Dubai, UAE.

Mr. Chaitanya's appointment as Asst. Vice President-Corporate Development would benefit the Company immensely.

Since Mr.Krishna Chaitanya Chava is son of Dr. Satyanarayana Chava, Executive Director & CEO of the Company, this appointment would amount to be a Related Party Transaction in terms of the provisions of Companies Act, 2013 and Rules made thereunder and under SEBI (LODR) Regulations, 2015.

The Audit Committee has also reviewed and approved the appointment of Mr. Krishna Chaitanya under the compliance requirements of SEBI (LODR) Regulations, 2015.

Accordingly, your Directors recommend this resolution for your approval as an Ordinary Resolution under Section 188 and other applicable provisions of the Companies Act, 2013, Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014 and under SEBI (LODR) Regulations, 2015.

Except Dr. Satyanarayana Chava, CEO of the Company, and his relatives, none of the Directors or Key Managerial Personnel or relatives of Directors and Key Managerial Persons are concerned or interested in this resolution.

Item No.12:

Mr. Chandrakanth Chereddi is a whole-time Director of the Company since August 9, 2016. Prior to that, he was working as Senior Vice President – Synthesis of our Company. He has been associated with our Company since February 10, 2012. He holds a bachelors degree in Engineering (Computer Science and Engineering) from Osmania University and a masters degree in Science in Electrical and Computer Engineering from the University of Illinois. He has also completed the post graduate program in Management from the Indian School of Business, Hyderabad. He has over nine years of experience in the field of project management. Prior to joining our Company, he was an associate with McKinsey & Company.

When he was appointed as Executive Director in August 2016, his remuneration was not revised and he has been drawing almost the same remuneration what he used to draw earlier in his capacity as Senior Vice President-Synthesis which does not commensurate with his new role and responsibilities as an Executive Director.

In view of the above, the Board of Directors of the Company in their Meeting held on May 18, 2017 have approved, subject to the approval of the Shareholders, to increase his remuneration as stated in the Resolution in Item No. 12 with effect from April 1, 2017 for the balance period of his current term on the recommendation of the Nomination and Remuneration Committee.

Except Mr. Chandrakanth being an Executive Director and Dr. Satyanarayana Chava, CEO of the Company, who is a relative of Mr. Chandrakanth within the meaning of Companies Act, 2013 and their relatives, none of the Directors, managers and key managerial personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No.12.

The Board recommends the resolution in relation to increase of remuneration of Mr. Chandrakanth, Whole-time Director, for the approval by the shareholders of the Company.

Item Nos.13-15:

The Nomination and Remuneration Committee (NRC) in its Meeting held on May 18, 2017 recommended to the Board that since the Executive Directors are responsible for the functioning of entire Group but not for Laurus Labs alone, going forward it would be more appropriate to revise the Bonus terms based on the consolidated financials but not on the standalone financials. The Board approved the recommendation of NRC and recommended to the shareholders to change the terms of payment of Bonus to the Executive Directors from standalone EBITDA to consolidated EBITDA. While there is a separate resolution on the remuneration of Mr. Chandrakanth Chereddi which has taken care of this aspect, for the rest of the Executive Directors, namely Dr. Satyanarayana Chava, Dr. Raju Srihari Kalidindi and Mr. V. V. Ravi Kumar, these resolutions are being placed for the approval of the shareholders.

The Board recommends the resolutions in relation to change of terms of payment of Bonus in respect of three executive directors for the approval by the shareholders of the Company.

Except Dr. Satyanarayana Chava, CEO of the Company, Dr. Raju Srihari Kalidindi, Executive Director and Mr. V. V. Ravi Kumar, Executive Director, and their respective relatives (who are concerned or interested with their respective resolutions), none of the Directors, managers and key managerial personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the resolutions set out in Item Nos. 13 to 15.

Item No.16:

Dr. M. Venu Gopala Rao (DIN 00012704) was appointed as an Additional Director on the Board of the Company by the Board of Directors with effect from May 18, 2017, pursuant to Section 161 (1) of the Companies Act, 2013 and holds office up to the date of this Annual General Meeting. He was also appointed as Non-Executive Chairman of the Board for a period of one year.

A brief profile of Dr. M. Venu Gopala Rao along with other details such as the nature of his expertise in specific functional areas, name of companies in which he holds directorships and membership/chairmanships of Board Committees and shareholding in the Company as stipulated under SEBI (LODR) Regulations, 2015 are provided in the Report on Corporate Governance forming part of the Annual Report.

In terms of Section 149, 152 and 161 read with Schedule IV and other applicable provisions of the Companies Act, 2013, and the rules and regulations issued thereunder, each as amended, (the "Companies Act") and Regulation 17 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015, Dr. M. Venu Gopala Rao, being eligible, is proposed to be appointed as an independent director for a period of

5 consecutive years from May 18, 2017 to May 17, 2022. In the opinion of the Board, Dr. Rao fulfils the conditions specified in the Companies Act and the rules made thereunder for his appointment as an independent director of the Company and is independent of the management.

The Company is in receipt of a notice from a shareholder along with the requisite deposit of ₹ 1 lakh (Rupees one lakh only) proposing Dr. M. Venu Gopala Rao for the position of Independent Director.

The Board recommends the resolution in relation to appointment of Dr. M. Venu Gopala Rao as an Independent Director, for the approval by the shareholders of the Company.

Except Dr. M. Venu Gopala Rao, being an appointee, none of the Directors, managers and key managerial personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 16.

Item No.17:
Dr. Ravindranath Kancherla (DIN 00117940) was appointed as an Additional Director on the Board of the Company by the Board of Directors with effect from May 18, 2017, pursuant to Section 161 (1) of the Companies Act, 2013 and holds office up to the date of this Annual General Meeting.

A brief profile of Dr. Ravindranath Kancherla along with other details such as the nature of his expertise in specific functional areas, name of companies in which he holds directorships and membership/chairmanships of Board Committees and shareholding in the Company as stipulated under SEBI (LODR) Regulations, 2015 are provided in the Report on Corporate Governance forming part of the Annual Report.

In terms of Section 149, 152 and 161 read with Schedule IV and other applicable provisions of the Companies Act, 2013, and the rules and regulations issued thereunder, each as amended, (the "Companies Act") and Regulation 17 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 Dr. Ravindranath Kancherla, being eligible, is proposed to be appointed as an independent director for a period of 5 consecutive years from May 18, 2017 to May 17, 2022. In the opinion of the Board, Dr. Ravindranath Kancherla fulfils the conditions specified in the Companies Act and the rules made thereunder for his appointment as an independent director of the Company and is independent of the management.

The Company is in receipt of a notice from a shareholder along with the requisite deposit of ₹ 1 lakh (Rupees one lakh only) proposing Dr. Ravindranath Kancherla for the position of Independent Director.

The Board recommends the resolution in relation to appointment of Dr. Ravindranath Kancherla as an Independent Director, for the approval by the shareholders of the Company.

Except Dr. Ravindranath Kancherla, being an appointee, none of the Directors, managers and key managerial personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 17.

Item Nos.18-19:
The Company has approved two Employee Stock Option Schemes known as Laurus Employee Stock Option Scheme, 2011 (ESOP Scheme 2011) in 2011 and Laurus Labs Employee Stock Option Scheme, 2016 (ESOP Scheme 2016) in April 2016 under which Stock Options have been granted by the Company to its employees etc.

However, the Company has completed its Public Issue in December 2016 and therefore these ESOP Schemes of the Company are covered by Regulation 12 of SEBI (Share Based Employee Benefits) Regulations, 2014 (SBEB Regulations). As per Regulation 12 of SBEB Regulations, no company shall make any fresh grant which involves allotment or transfer of shares to its employees under any Schemes formulated prior to its IPO and prior to the listing of its equity shares (Pre-IPO Scheme) unless (i) such pre-IPO scheme is in conformity with SBEB Regulations; and (ii) such pre-IPO scheme is ratified by its shareholders subsequent to IPO.

In view of this Regulation 12 of SBEB Regulations, as stated above, these two schemes are being placed before the shareholders for their ratification in terms of Regulation 12 of SBEB Regulations. These Schemes are in conformity with SBEB Regulations and the Company has not granted any fresh grant of options to employees as on date after public issue.

The outstanding options (including both granted and under common pool) under these schemes as on date are 9,35,000 under ESOP Scheme 2011 and 12,00,000 under ESOP Scheme 2016. These outstanding options have already been adjusted to the Corporate Action namely Bonus issue of Equity Shares in the ratio of 3:1 in July 2016. While the exercise price under ESOP Scheme 2011 is ₹ 10/- per option, the exercise price under ESOP 2016 Scheme is 25% less than the market value of the shares as on the date of Grant of Options.

Both Schemes, namely ESOP Scheme 2011 and ESOP Scheme 2016 shall be implemented and administered directly by the Company and the Company shall conform to the accounting policies specified in Regulation 15 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

Explanation as per Rule 12 of Companies (Share Capital and Debentures) Rules, 2014:

(a)	The total number of stock options granted/to be granted	ESOP 2011-9,35,000, ESOP 2016-12,00,000
(b)	Identification of classes of employees entitled to participate in the ESOP Scheme	As per the Schemes
(c)	The appraisal process for determining the eligibility of employees to the ESOP Scheme	To be decided by the Nomination and Remuneration Committee
(d)	The requirements of vesting and period of vesting	As per the Schemes
(e)	The maximum period within which the option shall be vested (under both schemes)	4 Years
(f)	The Exercise Price or the formula for arriving at the same	ESOP 2011 : ₹ 10 per Option ESOP 2016: 25% less than the Fair Market Value of share as on the date of Grant of Option
(g)	The exercise period and process of exercise	As per Schemes
(h)	The lock-in period, if any	Nil
(i)	The maximum number of options to be granted Per employee and in aggregate	As may be decided by the Committee
(j)	The method which the company shall use to value its options	Fair Value Method
(k)	The conditions under which options vested in Employees lapse e.g. in case of termination of Employment for misconduct	As per the Schemes
(l)	The specific time period within which the Employees shall exercise the vested options In the event of a proposed termination of Employment or resignation of employee	As per the Schemes
(m)	A statement to the effect that the Company Shall comply with the applicable Accounting Standards	The Company shall comply with the applicable Accounting Standards

Your Directors recommend these resolutions for your approval as Special Resolutions.

None of the Directors or Key Managerial Personnel or relatives of Directors and Key Managerial Persons are concerned or interested in this resolution except to the extent of Key Managerial Personnel who are entitled for Options under the Schemes.

By order of the Board
Laurus Labs Limited

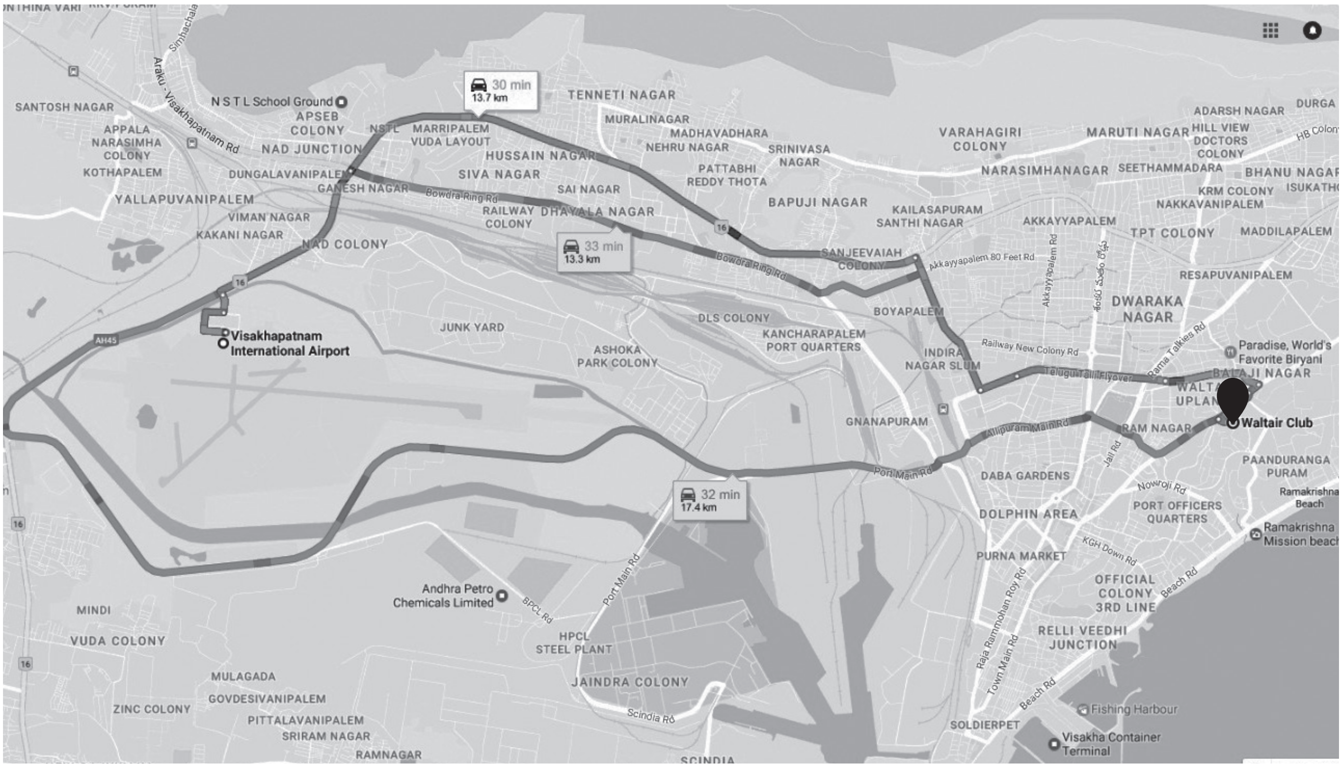
G. Venkateswar Reddy
Company Secretary

Regd. Office:
Plot No.21,
Jawaharlal Nehru Pharma City,
Parawada,
Visakhapatnam – 531 021
E-mail: secretarial@lauruslabs.com

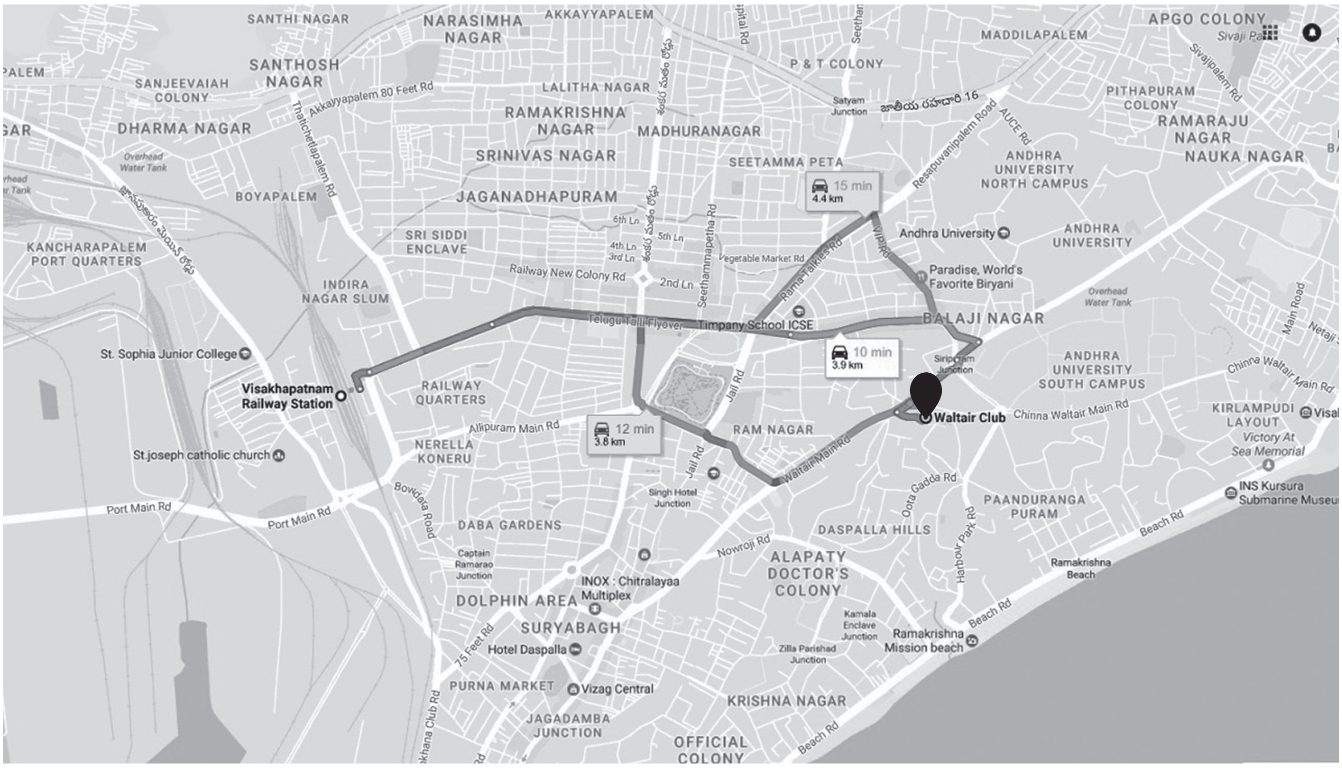
Place: Hyderabad
Date: May 18, 2017

Route Map

Vizag Airport to Waltair Club



Vizag Railway Station to Waltair Club



Venue : Laurus Labs Limited

Oyster Hall, Waltair Club, Opposite Government Circuit House, Siripuram, Visakhapatnam – 530 003, Andhra Pradesh

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LAURUS LABS LIMITED
CIN: L24239AP2005PLC047518
Registered Office: Plot No.21, Jawaharlal Nehru Pharma City, Visakhapatnam – 531 021

Attendance Slip

I/We .... hereby record my/our presence at the 12th Annual General Meeting being held on Wednesday, July 12, 2017 at 10.30 AM at Waltair Club, Opp. Government Circuit House, Siripuram, Visakhapatnam – 530003.

Name of the shareholder/proxy*... No. of shares held ....

Folio No.:	Client Id:	DP Id:

Signature of Shareholder	

* Strikeout whichever is not applicable

Note:
1. Shareholder/Proxy intending to attend the meeting must bring the duly signed Attendance Slip to the Meeting and handover at the entrance.

2. Shareholder/Proxy should bring his/her copy of the Annual Report

LAURUS Labs
Knowledge . Innovation . Excellence

LAURUS LABS LIMITED
CIN: L24239AP2005PLC047518
Registered Office: Plot No.21, Jawaharlal Nehru Pharma City, Visakhapatnam – 531 021

Form No. MGT-11

Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: L24239AP2005PLC047518
Name of the Company: Laurus Labs Limited
Registered office: Plot No.21, Jawaharlal Nehru Pharma City, Parawada, Visakhapatnam – 531 021

Name of the member (s): ....

Registered address: ....

E-mail Id: : .... Folio No/ Client Id: ....

DP ID: ....

I/We, being the member (s) of .... shares of the above named company, hereby appoint

1. Name: ....

Address: ....

....

E-mail Id: .... Signature:... or failing him

2. Name: ....

Address: ....

E-mail Id: ....Signature:..., or failing him

3. Name: ....

Address: ....

E-mail Id: .... Signature: ....

And whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 12th Annual General Meeting of the Company, to be held on Wednesday, July 12, 2017 at at 10.30 AM at Waltair Club, Opp. Government Circuit House, Siripuram, Visakhapatnam – 530003 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution	For	Against
1.		
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Signed this .... day of 2017

Signature of Shareholder

Signature of first proxy holder

Signature of second proxy holder

Signature of third proxy holder

Affix a ₹1/- Revenue Stamp

Notes:

1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

Corporate Information

Directors
Dr. Venu Gopala Rao M
Dr. Satyanarayana C
Dr. Srihari Raju K
Mr. Venkata Ravi Kumar V
Mr. Chandrakanth C
Mr. Rajesh Kumar Dugar
Mr. Narendra Ostawal
Ms. Aruna Rajendra Bhinge
Dr. Rajesh Koshy Chandy
Mr. Ramesh Subrahmanian
Dr. Ravindranath K

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.
CITI Bank NA
HDFC Bank Limited
Hongkong and Shanghai Banking Corporation
Ratnakar Bank Limited
Axis Bank Limited

Corporate Office
2nd Floor, Serene Chambers
Road No. 7, Banjara Hills
Hyderabad - 500 034, India

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

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

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

Unit 04
Drug Substance Facility
Plot No.25, Lalamkoduru
Atchutapuram
Visakhapatnam – 531 011, India

Unit 05
Drug Substance Facility
Plot Nos.102 & 103, SEZ
Lemarthi, Parawada
Visakhapatnam – 531 021, India

Research & Development Centre
Plot No.DS1 & DS2
IKP Knowledge Park
Turkapally, Shameerpet
Hyderabad – 500 078, India

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

Sriam Labs Private Limited
3rd Floor, SDE Serene Chambers
Road No.5, Banjara Hills
Hyderabad – 500 034, 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

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Website: www.lauruslabs.com
CIN:L24239AP2005PLC047518

concept, content and design at aicl (info@aicl.in)