Marksans Pharma Ltd.

National Stock Exchange of India Limited
Listing Department,
Exchange Plaza, C-1, Block-G,
Bandra-Kurla Complex,
Bandra (E), Mumbai- 400 051

BSE Limited
Corporate Relation Department
Phiroze Jeejeebhoi Towers,
Dalal Street,
Mumbai 400 001

30th September, 2016

Dear Sir,

Sub: Submission of Annual Report for the Financial Year 2015-16.

Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, enclosed herewith kindly find Annual Report of the Company for the Financial Year 2015-16 duly approved and adopted in the Annual General Meeting of the Company held on 29th September, 2016.

You are requested to note the above in your records.

Thanking You,

For Marksans Pharma Limited

Panigrahi

Harshavardhan Panigrahi
Company Secretary & Manager-Legal

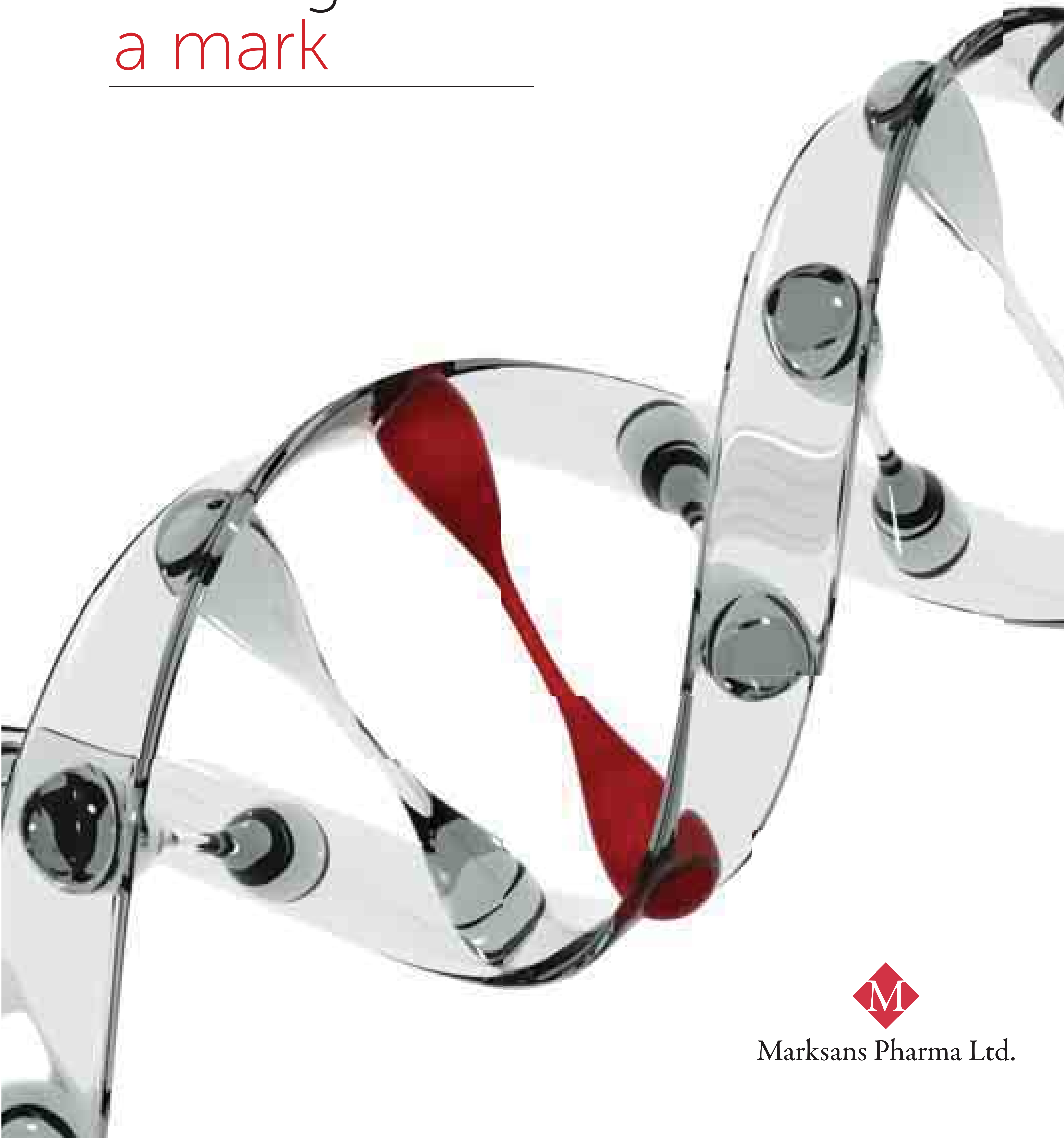
Enclosed as above

Marksans Pharma Ltd.
11th Floor, "GRANDEUR", Opp. Gundecha Symphony, Veera Desai Extension Road, Oshiwara,
Andheri (W), Mumbai - 400 053 • Tel.: +91 22 4001 2000 • Fax : +91-22 4001 2011
E-mail: info@marksanspharma.com

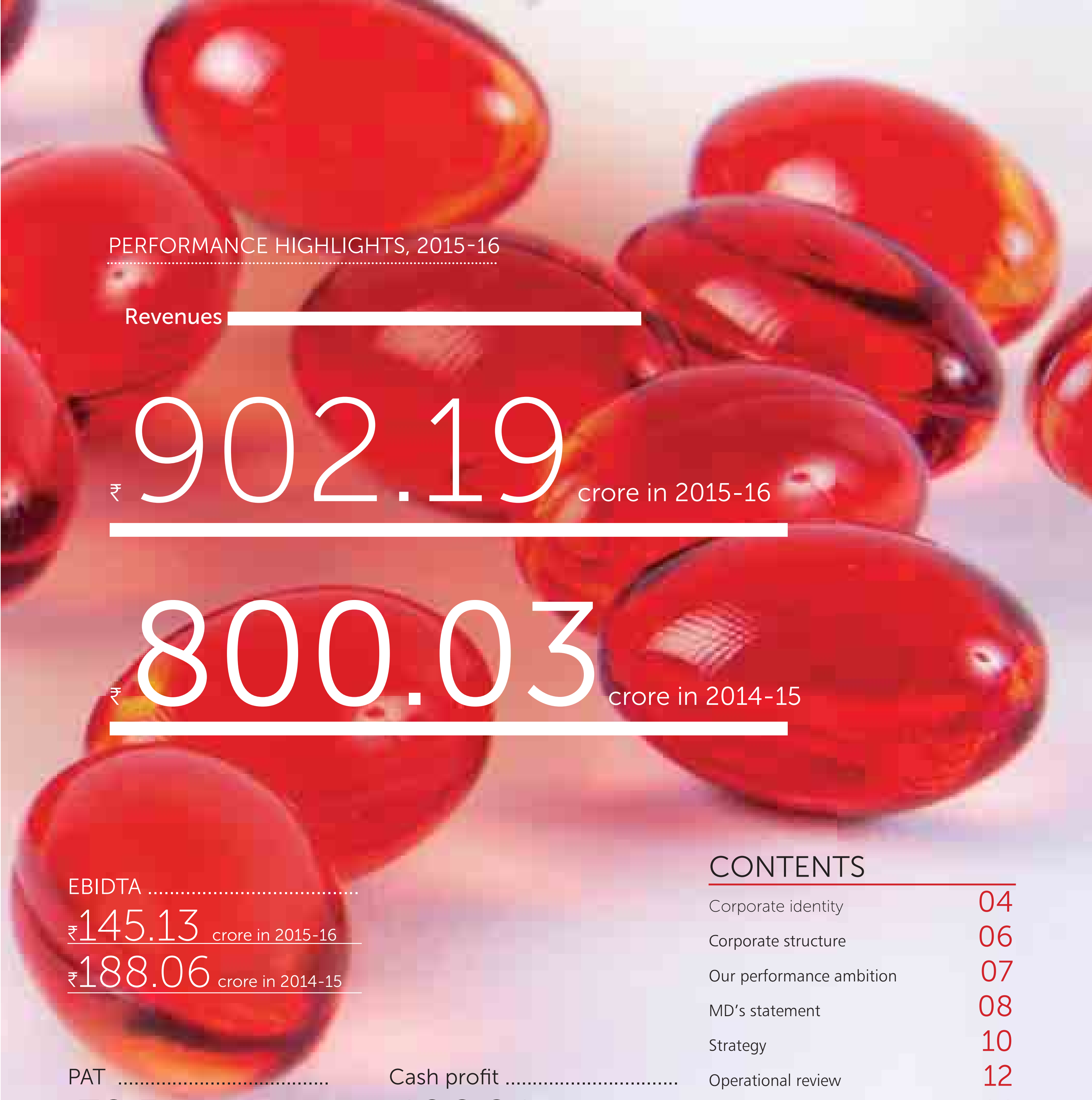
Marksans Pharma Limited

Annual Report 2015-16

Making a mark



Marksans Pharma Ltd.



PERFORMANCE HIGHLIGHTS, 2015-16

Revenues

₹ 902.19 crore in 2015-16

₹ 800.03 crore in 2014-15

EBIDTA

₹145.13 crore in 2015-16

₹188.06 crore in 2014-15

PAT

₹78.51 crore in 2015-16

₹109.40 crore in 2014-15

Cash profit

₹106.64 crore in 2015-16

₹125.33 crore in 2014-15

EBIDTA margin

16.09% in 2015-16

23.51% in 2014-15

Net profit margin

8.70% in 2015-16

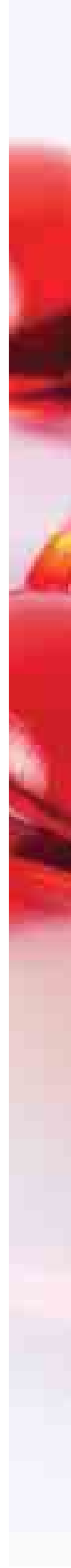
13.67% in 2014-15

CONTENTS

Marksans Pharma put up a commendable performance in FY2015-16 by growing its revenues 12.77%.

Marksans continues to invest in its business to strengthen its position across the markets of its presence.

With a singular objective.
Make a mark!



Marksans Pharma is a different kind of pharmaceutical company.

Most pharmaceutical companies market their drugs first in India before they venture abroad.

Marksans Pharma resolved to market products only in international markets from day one.

Most pharmaceutical companies grow organically and then acquire.

Marksans Pharma acquired five companies over the past 12 years and successfully turned them around.

Most pharmaceutical companies addressing global markets first seek to enter the relatively easy (unregulated) markets.

Marksans Pharma selected to enter the most stringently regulated markets (the US, the UK and Australia) first.

Most fast-growing pharmaceutical companies are generally debt-heavy.

Marksans Pharma remained debt-light and adequately liquid even during its rapid expansion phase.

Most growing pharmaceutical companies rely on third-party distributors.

Marksans Pharma created dedicated distribution channels across the markets of its presence.

Most pharmaceutical companies rely on a single product or segment.

Marksans Pharma created a balanced mix of OTC and Rx formulations.

Result: Marksans Pharma has emerged as the fastest Indian pharmaceutical company (focused on the regulated markets) to gross ₹900 crore in revenues.

Vision

To build a global pharmaceutical company with a strong presence across both regulated and emerging markets – export-focused from day one!

Core values

Achievement
We applaud achievement and strive towards our vision, with perseverance

Respect
We respect all our stakeholders

Knowledge
We value knowledge for it empowers our people to develop innovative solutions and to manage change

Honesty and integrity
We perform our duties with extreme honesty and integrity

Corporate snapshot

Marksans Pharma is engaged in the research, manufacturing and marketing of generic pharmaceutical formulations.

Presence

Headquartered in Mumbai, Marksans Pharma supplies products to more than 15 countries.

Manufacturing facilities

- Goa (oral solid tablets and soft gelatin capsules)
- Southport, the United Kingdom (liquids/ointments/sachets)
- Farmingdale, New York, United States (solid oral dosages)

Portfolio

Marksans Pharma manufactures analgesics, expectorants, anti-diabetic, cardiovascular, central nervous system, gastrointestinal and oncologic drugs as well as antibiotics and anti-allergics. The Company undertakes cutting-edge R&D initiatives and offers CRM services to global pharmaceutical companies.

Accreditations

- Goa – USFDA and Australian TGA – approved
- Southport – UKMHRA-approved
- Farmingdale, New York, the United States (Time-Cap Labs) – USFDA-approved

Subsidiaries

- Bell, Sons & Co. and Relonchem – the United Kingdom
- Time-Cap Labs – the United States
- Nova Pharmaceuticals - Australia

Manufacturing capacities

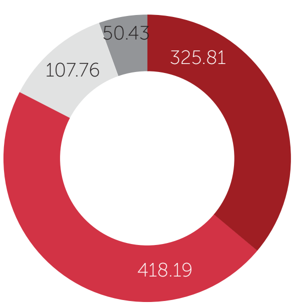
Goa
- 2.4 billion capsules per annum
- 5 billion tablets per annum

Southport
- 13.6 million bottles per annum
- 7.8 million tubes per annum
- 5.75 million sachets per annum

Farmingdale
- 5 billion tablets and hard capsules per annum

Revenues by geography (FY16)

(₹ crore)



North America and the United States
325.81

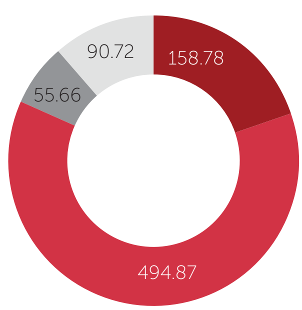
Europe and the United Kingdom
418.19

Australia and New Zealand
107.76

Rest of the world
50.43

Revenues by geography (FY15)

(₹ crore)



North America and the United States
158.78

Europe and the United Kingdom
494.87

Australia and New Zealand
90.72

Rest of the world
55.66

Revenues by therapeutic segments

Therapeutic segments	FY16 (₹ crore)	Share (%)
Pain management	370.58	41.08
Cough and cold	127.25	14.10
Anti-diabetic	147.09	16.30
Cardiovascular system	113.15	12.54
Central nervous system	43.95	4.87
Antibiotic	10.54	1.17
Gastrointestinal	44.79	4.96
Anti-allergic	15.54	1.72
Miscellaneous	29.31	3.25
Consolidated revenues	**902.19**	**100**
OTC	497.83	55.18
Rx	404.36	44.82
Consolidated revenues from operations	**902.19**	**100**

Revenues by business vertical (FY16)

Generics (the United States)

36.11%

Generics (the United Kingdom and Europe)

46.35%

Australia and New Zealand

11.94%

Generics (rest of the world)

5.59%

Corporate structure

India

Marksans Pharma Limited

*Facility in Goa to manufacture oral solid dosages and soft gelatin capsules

* USFDA and Australian TGA approved

The UK

Marksans Pharma (UK) Limited

Nova Pharmaceuticals Australasia Pty. Ltd.

*Distribution of high quality generic pharmaceuticals; Australian TGA approved

Marksans Holdings Limited

Relonchem Limited

Bell, Sons & Co. (Druggists) Limited

*Wholesale distribution of generic pharmaceuticals in the UK; UKMHRA approved

*Manufacturer of a range of OTC pharmaceuticals; UKMHRA approved

The US

Marksans Pharma Inc.

Time-Cap Laboratories Inc.

Manufacturer of range of OTC and Rx products; USFDA approved

Our performance ambition

At Marksans Pharma, our vision is to create one of the most globally respected and research-led pharmaceutical companies.

Strategic direction

- Complete the integration of the Indian manufacturing back-end with the US front-end
- Stay as debt-light as possible

Probable goal contributors

- Establish a new plant (greenfield or acquisition) by December 2017
- File 17 ANDAs
- Launch six to 12 products by 2017-end
- Focus on niche products marked by high-entry barriers
- Focus on gels (hard and soft) and chiral science
- Enter into research alliances
- Launch high-margin OTC and generic products
- Ensure stringent compliance

We are making focused investments towards:

- Widening SAP coverage
- Establishing a dedicated research facility in Navi Mumbai by 2016-end
- Increasing Goa plant capacity by 40% by December 2017
- Automation, capacity enhancement and increased productivity
- New laboratory instrumentation

We are measuring our performance ambition through:

Profitable growth

- Total income grew by 12.77% in 2015-16
- Operating profit for 2015-16 stood at ₹ 117.01 crore
- Cash profit after tax for 2015-16 stood at ₹ 106.64 crore

Consistent value creation

- ROCE for 2015-16 remained at 25.29%
- Market capitalisation increased from ₹ 922.81 crore as on 31 March 2015 to ₹ 1891.03 crore as on 31 March 2016

The message that I wish to communicate to shareholders and analysts is that Marksans Pharma is on its way to emerge as a globally-respected pharmaceutical company with a presence across three continents.

Our success lies in that we consciously selected to integrate our operations across the geographies of our presence: research and manufacture in India and abroad with our international marketing channels.

We believe that this integration will empower us to capture a larger slice of the market pie, extend our back-end right to the consumer-interfacing marketplace and make it possible to understand demand trends on a real-time basis.

We have prudently selected not to be present in all regulated markets; we have limited our presence, prioritised capital allocation and focused on generating the largest return on our investments. In so doing, we have stayed true to our intent of enhancing margins and return on employed capital as opposed to being a volume-driven company.

This strategic direction underpins our personality: we will invest in strategic initiatives to ensure end-to-end value-creation and address long-term competitiveness. This focus has prevented us from becoming overtly dependent on alliances and made it possible for us to monetise our complete pipeline by offering our products to external companies, enhancing return on our intangible capital.

At Marksans, we have consciously prioritised on staying ahead of the industry curve. Across the last decade, we have evolved from a singular CRAMS focus, a space that is now price-sensitive, consolidated and fast-changing. We have graduated to emerge as a full-fledged pharmaceuticals company with a widespread marketing presence (international subsidiaries and dedicated personnel in each major country of our presence). Case in point: although our entry into the United Kingdom has been relatively recent, we are already among the ten largest Indian pharmaceutical companies there. The result is that even as we continue to grow and remain profitable, the opportunities available for unorganised players in these markets are fleeting, warranting serious players like us to raise our game.

The financial year under

MD's review

"At Marksans, we have consciously prioritised on staying ahead of the industry curve."

review saw one of our most important acquisitions come to fruition – Time-Cap Laboratories in the United States. Time-Cap Laboratories is a debt-free company with a USFDA-approved plant and captive marketing channels. The Company has earned a reputation for its stringently compliant processes and practices. The acquisition has strengthened our position in the American market.

Going ahead, there are some decisive initiatives in the offing that are expected to fast-track our growth and differentiate ourselves from the rest.

One, we are commissioning a full-fledged research centre in Navi Mumbai. We believe that this centre will allow us to capitalise on emerging trends in the developed markets by creating a robust multi-year product pipeline of complex molecules with corresponding ANDA filings in the developed markets. Our focus on the soft gel space, marked by relatively low competition and high entry barriers, is a manifestation of our differentiated mindset. Besides, we are open to acquisitions, have a low-debt Balance Sheet and are keen on widening our manufacturing presence.

Two, until now we have been a regulated market-company and now intend to launch our proprietary formulations in India. We feel that the time is right for this geographic extension; a growth in personal incomes, enhanced awareness, a steady rise in the incidence of lifestyle diseases and a willingness to spend higher on health and wellness have made India a key market for sophisticated therapeutic interventions. Besides, we see the Indian pharmaceutical sector becoming more consolidated in the years ahead, enabling us to make our presence felt in the country of our origin.

We believe that the coming together of these initiatives should make it possible for us to double our revenues in a third of the time it has taken us to get here, validating our positioning a value-enhancing organisation.

Mark Saldanha
Managing Director

Strategy

"Marksans has the potential to emerge as a globally-successful pharmaceutical company."

Dr Vinay Nayak, *Executive Director,* explains the strategic direction the Company has taken

Q: You have previously worked with marquee pharmaceutical companies. What potential did you perceive in Marksans?
A: In one sentence: the potential to emerge as a globally- successful pharmaceutical company.

Q: How would you validate this statement?
A: The foundation of any globally successful company is inevitably its manufacturing expertise. Marksans' Goa plant can be considered state-of-the-art in terms of design, output, occupancy and automation. This indicates that the plant is globally benchmarked and could actually have been operating in any developed market. Besides, this plant clearly has the credentials to conform to the regulations laid down by demanding regulatory agencies. And to top it all, the plant enjoys an attractive operating leverage, which means that with a nominal investment, it would be possible to increase throughput by 40%. When this transpires, it would be possible for us to amortise fixed costs across a larger production outlay.

Q: What else about Marksans strikes you as impressive?
A: Two things. A desire to be ethical in whatever we do and a desire to invest in a proper management team to sustain growth. These facets became evident to me within a short span of eight weeks. The Company now possesses the management bandwidth to grow.

Q: What differentiates Marksans in a crowded marketplace?
A: The fact that Marksans enjoys a positive recall. The Company has one of the largest capacities in India in the space of soft gels, a niche marked by high entry barriers. Besides, the Company enjoys a reasonable standing in the OTC generics space.

Q: How does the Company intend to enhance business sustainability?
A: One of the decisive initiatives undertaken by the Company is to commission a dedicated research facility in Navi Mumbai. The Company is recruiting competent professionals to man this facility, which is likely to be commissioned by 2016-end.

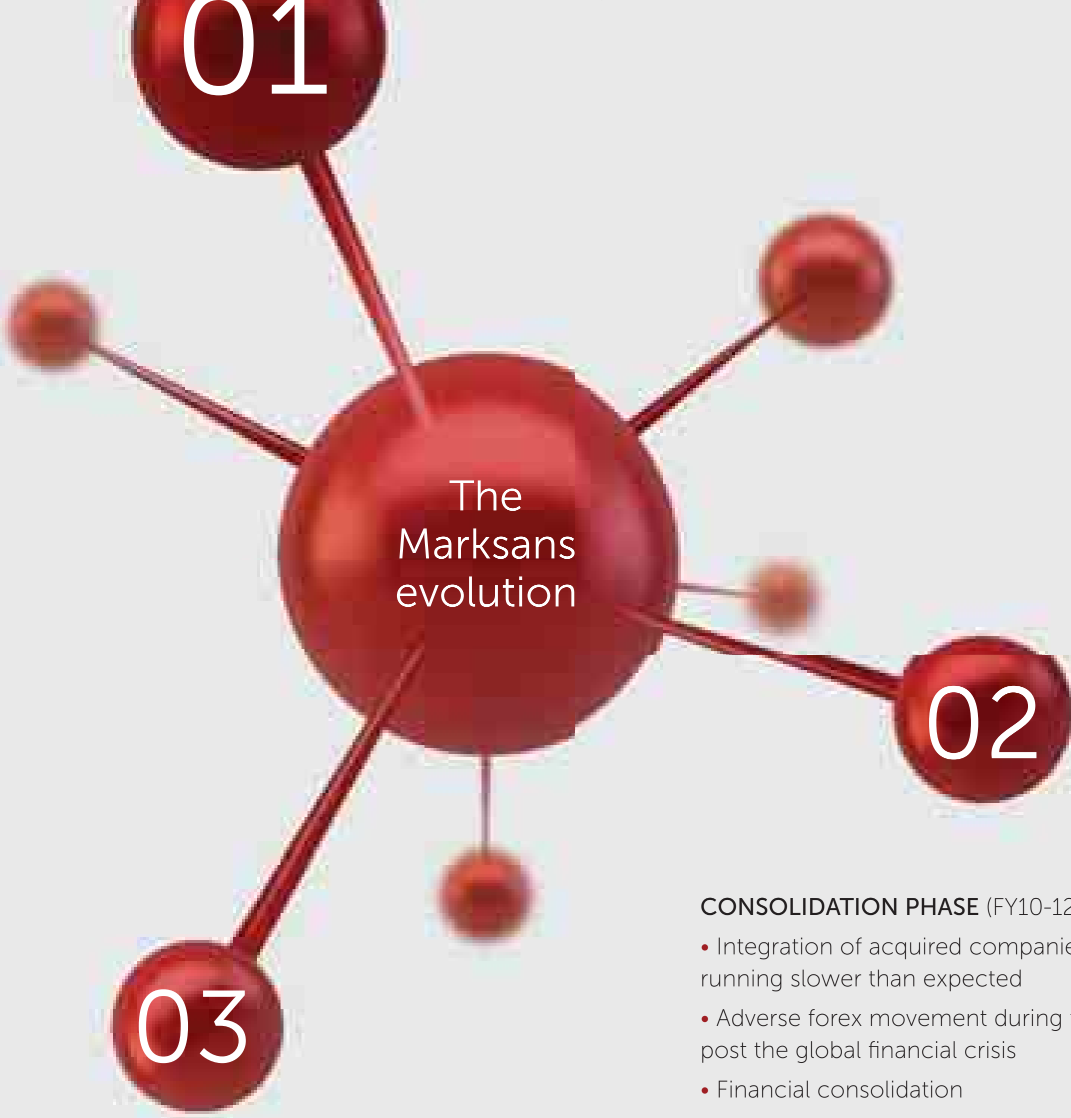
The Company is also working in the area of sustained release products, another vertical marked by high entry barriers. This will allow us to leverage our proven expertise in the hard and soft gel capsules space on the one hand and enhance our presence in the chiral science segment in the US and Europe on the other.

Q: How is this likely to benefit the Company?
A: Our understanding is that the Company should be able to roll out six to 12 products by 2017-end following the filing of 17 ANDAs. The Company may enter into R&D alliances to bolster domain knowledge.

Moreover, Marksans has invested in innovative and high-margin OTC and generic products. We would like to complete the integration of the Indian manufacturing back-end with the US front-end, translating into incremental realisations across global markets. We are optimistic that this successful coupling will translate into annual revenues worth ₹ 2000 crore by 2020, benefiting all those who are associated with the Company.

INVESTMENT PHASE (FY05-09)

- Raised ₹ 2.25 billion (USD 50 million) through FCCB's
- Acquired three companies (Nova Pharmaceuticals Australasia Pty. Ltd.; Bell, Sons & Co. (Druggists) Limited; and Relonchem Limited)
- Increased ANDA filings and invested in site transfers (products of newly-acquired companies) to India



CONSOLIDATION PHASE (FY10-12)

- Integration of acquired companies was running slower than expected
- Adverse forex movement during this phase post the global financial crisis
- Financial consolidation

RECOVERY PHASE (FY13-16)

- Decided to focus on specific verticals and identified non-performing products
- Reduced liabilities and repaid debts
- Improved operating performance with Advil sales in the US ramping up and performances of subsidiary businesses stabilising
- Acquired 10 ANDA approvals and built a robust pipeline with 10 more ANDAs filed

Q&A

Operational review

"Despite a challenging business scenario in the UK, we were able to increase our revenues by 12.77%."

Jitendra Sharma, *Chief Financial Officer,* analyses the Company's 2015-16 performance

Q: Were you pleased with the Company's 2015-16 performance?

A: There are two ways of looking at our performance during the fiscal.

One, we reported a positive year: sales increased 12.77% while profit after tax declined 28.23%. The revenue growth was the result of our US acquisition in June 2015. We are pleased to state that the Company demonstrated its ability to identify a target, appraise it critically, negotiate prudently and conclude the acquisition, a reflection of our organisational maturity. Having said this, I would also state that had the process of operational integration been faster, we would have reported even better consolidated numbers.

We consolidated our UK operations too. In the UK, we operate two subsidiaries – Bell, which manufactures and markets OTC drugs largely in the cough and cold space. However, sales dipped last year owing to a truncated winter in the UK. The margins of Relonchem, which offers high-end prescription drugs, came under pressure owing to increased competition.

Q: What was the rationale for the US acquisition?

A: First, let me explain why we ventured to acquire Time-Cap Labs. The 35-year old company ticked all the right boxes – it was well-managed; it had a running plant with an annual capacity to manufacture five billion tablets; it had $ 12.4 worth of net current assets on its books (receivables, cash and inventory) and zero debt; its plant was USFDA-approved with a replacement cost of around $ 7-10 million; it had 150 professionals on board and 30 products in its portfolio; it was respected across the country for its sound processes and practices with a decent distribution network.

The promoters of Time-Cap Labs intended to exit the business. They needed to hand over the company to a management that would be focused on growing their business and doing justice to its business model. The rationale of the acquisition from Marksans' perspective was simple: Marksans' ambitions are growing; we possess a USFDA-approved plant in India and needed a US-based one to complement it; we possess a pipeline of ANDAs, which, when approved, would need to be marketed extensively in US. When you combine the Time-Cap Labs' portfolio with ours you have a consolidated basket of products for a large captive audience – representing the foundation for robust sustainable growth.

Q: What was the acquisition cost and was it justified?

A: Marksans paid $ 28 million to acquire Time-Cap Labs that already generated revenues around $ 30 million a year, indicating that we paid less than a year's worth of revenues for 100% equity in the acquired company. There are a number of reasons why we feel that the acquisition has been prudent: the acquired company is profit-making and reported an adjusted EBIDTA of $4 million in the year prior to our acquisition. We believe that after integrating it with our Indian back-end, we should be able to generate higher revenues, enhance our overall competitiveness and shrink the payback period.

I must take this opportunity to assure shareholders that the impact of the acquisition on Marksans' books has been reasonable, enhancing our ability to address shareholder expectations over the foreseeable future. For one, our acquisition cost was completely funded through net worth, cementing our debt-free status. A quarter of the acquisition cost was funded through accruals; the rest through a qualified institutional placements that diluted our equity by no more than 5%. We feel that the gains likely to accrue from the acquisition will far outweigh the one-time payment, enhancing value for our shareholders.

Q: How did the Company strengthen its business during the year under review?

A: The financial year under review was a significant one for Marksans for a number of reasons:

One, the Company strengthened its management team. The one name I would like to mention is the inclusion of Dr. Vinay Nayak who comes with outstanding credentials. He started his career at CIPLA 20 years ago and has thereafter worked for Lupin, Watson and Alembic, handling operations and generating attractive growth. Besides, the Company recruited quality management professionals to revamp the team and address incipient challenges.

Two, we invested in automation across manufacturing and quality management areas, implemented a best-in-class SAP platform, and automated the document management system to propel the Company to the top of the Indian pharmaceutical value chain.

Q: How does the Company intend to take its business ahead?

A: Marksans has a conspicuous presence in the niche soft gels space. All 10 of its ANDAs (filed and pending approvals) are in this space. We expect about five to seven approvals to come in during the current financial year. Concurrently, the Company is investing in a new R&D centre in Navi Mumbai that should be up and running by 2016-end. This will allow us to foray into new segments, respond to globally unmet therapeutic needs, enhance our opportunity-responsiveness and file a larger number of ANDAs.

From a macro perspective, even as the Company is still relatively young, it has made four successful acquisitions in the developed markets.

Q: What can the shareholders expect from the Company during FY2016-17?

A: I must state that our growth during FY2016-17 will be largely dependent on our agility: how quickly we are able to operationally align our American and Indian operations, how quickly we can acquire the UKMHRA approval for the UK and how quickly we can get ANDA approvals.

Q. What are the changes that you are bringing about in the Company?

A: The major focus these days is on enhancing organisational efficiencies. We are in the process of implementing state-of-the-art IT applications for automating quality control, manufacturing and R&D processes. We are also investing in building an IT platform to de-risk the manufacturing process and adopt the best practices. The IT transformation programme will be rolled out in phases, beginning April 2016.

Marksans hired top-notch senior managerial personnel at our corporate and site offices (Executive Director, Site Director, corporate, quality control, regulatory, manufacturing and human resources). These people offer an in-depth knowledge of industry-best practices and best-in-class leadership skills.

Q: What is the Company's outlook?

A: The outlook continues to be positive for some valid reasons.

From a macro perspective, even as the Company is still relatively young, it has made four successful acquisitions in the developed markets. These acquisitions validate its ability to spot and make the most of attractively-priced global entities. Each of these acquisitions has generated incremental revenues and profits. The result is that even as we are young by industry standards, we stand with the big boys of the Indian pharmaceutical industry when it comes to a growing presence in the developed markets.

From a micro perspective, the Company is making prudent investments in R&D to enhance manufacturing capabilities in India, the UK and the US. We have invested proactively in the soft gels niche. Finally, our debt-light Balance Sheet provides us with an attractive operating leverage to respond to emerging opportunities.

The Marksans management continues to be driven by its vision to double revenues within the next four to five years to emerge as a globally-respected pharmaceuticals company.

Creating a robust business model

The pharmaceutical business is one of the most challenging. The number of variables are numerous. Regulatory barriers, Growing competition, Fluctuating input costs. Evolving patient needs. Environmental sensitivity issues. Distribution scale. At Marksans Pharma, we graduated to have devised a business model that is likely to generate multi-year growth across industry cycles.

Vision: In a sector marked by scale, the Company resolved to be a contrarian: not the largest with the biggest Balance Sheet but the best pharmaceutical company with the smallest balance sheet. This perspective has influenced the Company's capital allocation, market presence and product mix, virtually defining the Company's personality and profitability.

Niche: Marksans has selected to focus on the niche area of gels (soft and hard) as well as chiral science with the objective to be relatively insulated from excessive competition. We believe that these areas represent promising prospects and are capable of generating attractive realisations. The result: of the 11 ANDAs filed by the Company, 10 are in the soft gels space.

Brand: Marksans has progressively established its personality as a leading player in the niche gels space, enhancing its global recall and attracting major customers. We believe that this Marksans brand has been set apart by its ability to provide benefit to its customers through specialisation, product customisation and a superior price-value proposition.

Global company: The Company is not only 'global' in the sense that it derives 94.41% of its revenues from regulated markets (the US, Europe, Canada, Australia & New Zealand), but also because it has carved out an established operating base in three countries through its subsidiaries. These subsidiaries have helped enhance customer confidence that they need not stock large product inventories and that their requirements will be serviced speedily. Sales through these subsidiaries accounted for 59.34% of the Company's revenues in FY2015-16. Marksans has selected to focus on regulated markets, especially US, the world's largest pharma market. During the year under review, the Company strengthened its presence in the UK and Australia. The result: 94.41% of the Company's revenues were derived from exports to regulated markets, with the US accounting for 36.11%. We believe that these regulated markets provide a unique complement of scale and value-added product portfolio, resulting in long-term profitability.

Scale: Marksans has progressively invested in scaled capacities, which makes it possible to address growing customer needs on the one hand and generate attractive economies-of-scale on the other. The Company operates one of the largest soft gelatin capsule facilities in India; its tablet manufacturing capacity at the Goa plant is 5 (five) billion units per annum.

Pervasive: Marksans enjoys a widespread presence across the pharmaceutical value chain: in growing therapeutic segments like analgesics, decongestants, anti-diabetics, CVS and CNS medications, among others. The result: the Company has created a business portfolio with balanced exposure in generic formulations, contract research & manufacturing CRM spaces.

Integrated: Marksans is present across the pharmaceutical value chain – from research to manufacturing to front-end distribution. This empowers the Company to widen its value-addition on the one hand and comprehend consumer trends at the other. The result: The Company's front-end distribution network accounted for nearly 75% of the Company's regulated market revenues during the year under review.

Research-minded: Marksans intends to strengthen its research-driven differentiation in a competitive market place. The Company launched 38 new products in the last five years leading to 2015-16. The expenditure in Research and development accounted for 2.20% of the Company's standalone revenues in 2015-16. The Company's R&D initiative is likely to translate into accelerated ANDA filings over the next 18 months, strengthening its regulated market presence. Besides, the Company intends to commission a full-fledged research facility during the current financial year in Navi Mumbai, showcasing its research seriousness.

Robust compliance: Marksans has progressively strengthened its compliance with the demanding standards in regulated markets. The company's manufacturing units in the US and the UK are USFDA and UKMHRA-compliant, enabling it to easily market products in regulated markets. The Company is strengthening this culture of compliance through consistent investments in people, technologies and processes.

Strategically prudent: Marksans has selected to pursue an incremental model, preferring to plough accruals into asset building as against the conventional mobilisaton of large debt in building manufacturing scale. Over time, this preference for accrual-based investing has translated into a relatively small Balance Sheet and high interest cover in a traditionally capital-intensive sector. Result: The Company's long-term debt-equity ratio stood at nil (as on 31st March 2016).

The impact of Marksans' business model

Revenues	(in ₹ crore)
11-12	357.60
12-13	442.82
13-14	633.50
14-15	800.03
15-16	902.19

AIM

Increase sales.

RATIONALE

To measure Marksans' ability in comprehending demand trends, enhancing marketing efficiency and strengthening product acceptance.

PERFORMANCE

Revenues grew at a CAGR of 20.33% in the five years ending 2015-16.

Net profit	(in ₹ crore)
11-12	(178.84)
12-13	45.88
13-14	71.91
14-15	109.40
15-16	78.51

AIM

Increase return from the business after incorporating all the expenditure.

RATIONALE

To measure Marksans' ability in control costs and protect the bottomline.

PERFORMANCE

Net profit of the year stood at ₹78.51 crore. The decline was largely owing to external challenges.

Return on capital employed (ROCE)	(%)
11-12	–
12-13	55.93
13-14	61.73
14-15	44.16
15-16	25.29

AIM

Enhance returns from every rupee invested.

RATIONALE

To assess investment effectiveness and validate the strength of the business model.

PERFORMANCE

Marksans' ROCE was at 25.39% in 2015-16. The decline was largely owing to investments made in the last few years and the effect of the same is yet to be reflected.

Earnings per share	(₹)
11-12	(4.86)
12-13	1.19
13-14	1.87
14-15	2.67
15-16	1.92

AIM

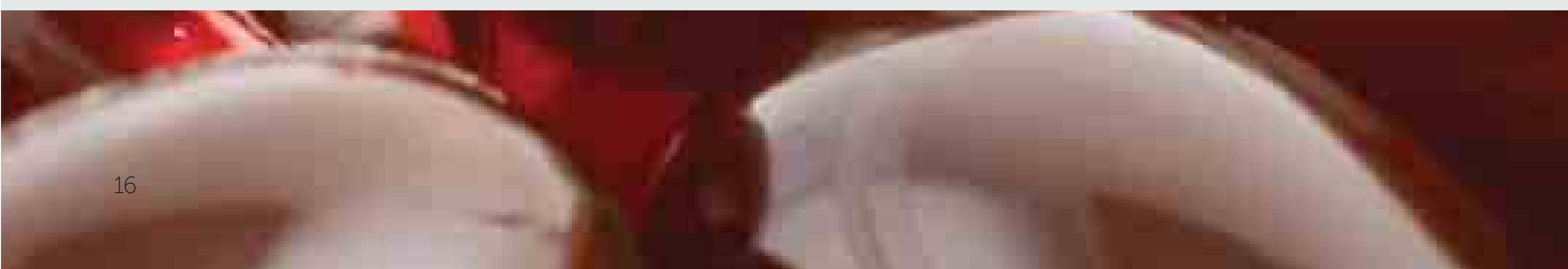
Enhance return per equity share.

RATIONALE

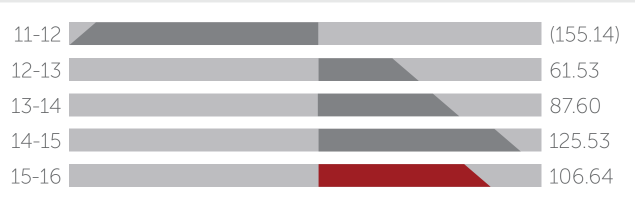
To measure return per issued equity share.

PERFORMANCE

Marksans' EPS stood at ₹1.92 in 2015-16



Cash profit (in ₹ crore)



AIM

Enhance the cash generation in the business

RATIONALE

To enhance liquidity and profitability.

PERFORMANCE

Cash profit of the year stood at ₹106.64 crore. The decline was largely owing to the decline in the bottomline of the Company.

Long-term debt-equity ratio

AIM

To moderate the debt-equity ratio, increasing borrowing room and strengthen the Balance Sheet.

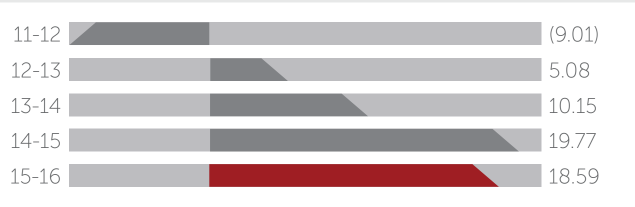
RATIONALE

To measure the extent of the Company's liquidity and extent of indebtedness.

PERFORMANCE

The Company improved its gearing from 15.20 in 2011-12 to nil in 2015-16 despite an increasing need for resources to grow the business

Interest cover (x)



AIM

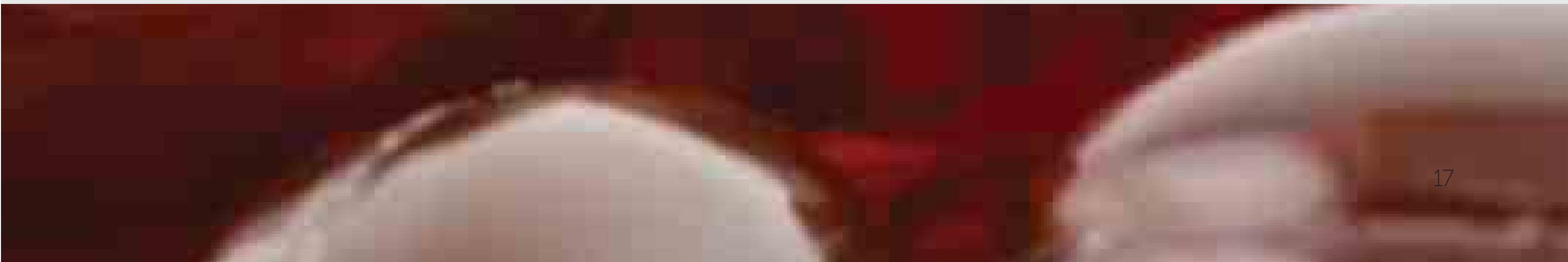
Improve the ability of the Company's earnings to service debt (calculated as EBIDTA divided by interest outflow).

RATIONALE

To measure the Company's financial strength and ability to pay interest/debt with ease.

PERFORMANCE

The Company's interest cover was a comfortable 18.59x in 2015-16.



Business overview

Geography: the US

Financial snapshot

	2014-15	2015-16	Growth over previous year
Revenues	₹158.78 crore	₹305.34 crore	92.30%
EBIDTA	₹53.99 crore	₹49.36 crore	(8.57)%
Contribution to total revenues	19.85%	33.85%	1,400 bps

The US pharmaceutical market is one of the key focus areas for Marksans Pharma.

The Company's US business generated revenues of ₹305.34 crore in the 2016 fiscal. The segment contributed 33.85% to the Company's total revenues as compared to 19.85% in the previous year.

The Company expects to be a leader in the technology-driven niche liquid gels market. The Company offers innovative product offerings through exclusive tie-ups, supply and marketing arrangements. The Company focuses on formulations development; it has a strong R&D and marketing teams in place to ensure an across-the-table presence. The Company has approvals for 10 ANDAs (including an SGC product) and has 10 other ANDAs (SGCs) awaiting approval.

Marksans' US generic business enjoys high margins due to limited competition in the soft gelatin capsules segment along with a clear access to the largest market for this product in the world. The Company has focused on the development of drugs going off-patent between 2015 and 2020, offering them to large pharma companies in the US. Marksans is the only active Indian company with an USFDA approval for Advil generics soft gel capsules at present. The Company reported strong revenues within two years following its launch (a $250 million opportunity) – a significant achievement considering the challenges that the US market poses – and expects to grow this further. Currently, the Company markets this product through large distribution partners and expects to forge more tie-ups in the years to come.

Highlights, 2015-16

- The Company acquired Time-Cap Laboratories Inc. in the US, thereby strengthening the Company's financials.
- The Company invested in a new R&D centre in Navi Mumbai, which will commence its operations by 2016-end. This will allow it to foray into new segments, respond to globally unmet therapeutic needs and file a larger number of ANDAs.

The Time-Cap Labs acquisition

There were a number of reasons behind the Time-Cap Labs acquisition. It was a well-managed company with an annual capacity to manufacture five billion tablets, $12.4 million worth of net current assets on its books and zero debt. Its plant was USFDA-approved with a replacement cost of around $ 7-10 million. It had 150 professionals on board and 30 products in its portfolio. It was respected across the country for its sound practices with a decent distribution network.

Product portfolio

Approved ANDAs

- Ibuprofen soft gelatin capsules - 200 milligrams
- Ibuprofen tablets - 200 milligrams (brown, white)
- Metformin tablets - 500 milligrams / 850 milligrams/1,000 milligrams
- Gabapentin - 100 milligrams/ 300 milligrams/ 400 milligrams
- Naproxen tablets - 250 milligrams/ 375 milligrams/ 500 milligrams tablets
- Ibuprofen tablets - 400 milligrams / 600 milligrams/ 800 milligrams
- Naproxen Sodium tablets - 220 milligrams
- Metformin XR 500 milligrams/ 750 milligrams
- Nitroglyceric XR capsules 2.5 milligrams/ 6.5 milligrams/ 9 milligrams

Filed ANDAs
Ibuprofen + Dyphenhydramine soft gel capsules
Cetirizine 10 milligram soft gel capsules
Dutasteride 0.50 milligram soft gel capsules
Paricalcitol 4 milligram soft gel capsules
Naproxen Sodium 220 milligram soft gel capsules
Loratadine 10 milligram soft gel capsules
Calcitriol 0.5 milligram soft gel capsules
Ethosuximide 250 milligram soft gel capsules
Amantadine 100 milligram soft gel capsules
Loperamide soft gel capsules

Road ahead

The Company aims to file four to six ANDAs (including SGCs and tablets in FY17, gradually accelerating over the years). The growth is largely dependent on the operational alignment between the Indian and American operations.

Business overview

Geography: the UK

Financial snapshot

	2014-15	2015-16	Growth over previous year
Revenues	₹333.02 crore	₹301.01 crore	(9.61)%
EBIDTA	₹59.95 crore	₹18.62 crore	(68.95)%
Contribution to total revenues	41.63%	33.36%	(827) bps

The UK vertical is the largest revenue contributor to the Company's revenues and comprises two different businesses – Bell (OTC portfolio) and Relonchem (high-end Rx portfolio). The Company established a strong foothold in the European market and possessed a strong presence in the OTC and Rx formulations space. It continues to leverage strengths in the manufacturing and distribution segments; the Company also engages in contract manufacturing for some of EU clients. The Company is among the top ten Indian generic companies in the UK. The Company's product portfolio addresses the therapeutic segments across pain management, diabetes, cough and cold, neurology, cardiovascular, and hormonal treatment. Following the acquisition of Relonchem and Bell in 2008, the UK business witnessed a ramp up in revenues and profitability as it continues to secure lucrative accounts and expand the portfolio.

Bell

Bell, with ₹184.42 crore in revenues in FY16, contributing 61.27% to the UK revenues, and a manufacturing facility located at Southport, UK, manufactures OTC products (liquids, ointments and sachets) and has ~ 38 marketing authorisations. The Company is a well-known brand in the UK with a strong distribution network. It supplies OTC products to various retailers under its own brand and private labels. Going ahead, business growth can be catalysed by Marksans' high-profit soft gelatin capsules portfolio. The Company also has value-added products in the pipeline to drive growth.

Relonchem

Relonchem generated ₹116.59 crore in revenues in FY16; it contributed 38.73% of UK revenues. The Company supplies and distributes branded and generic products in the UK and some European countries. Relonchem enjoys more than 70 marketing authorisations and outsources manufacturing operations. At the time of acquisition, the entirety of Relonchem's sales was derived from supplying to global generic players with limited direct distributor access. Over the years, Marksans has changed the business model, wherein 100% of Relonchem's revenues are supplied directly to the distribution channel, leading to significantly higher value retention.

Over the five years leading to FY2015-16, the EBIDTA margins have risen on the back of an improved scale and qualitative results. The management is optimistic of maintaining margins at current levels. Going ahead, the Company also intends to expand beyond the UK and extend to other European countries which offer attractive opportunities.

Business overview

Geography: Australia

Financial snapshot

	2014-15	2015-16	Growth over previous year
Revenues	₹58.33 crore	₹78.61 crore	34.76%
EBIDTA	₹9.29 crore	₹15.22 crore	63.83%
Contribution to total revenues	7.29%	8.71%	142 bps

Marksans operates in the Australian market through its subsidiary Nova. Nova markets private label OTC and generic products in Australia. This subsidiary provides Marksans access to retailers and pharmacies in Australia. During the year under review, the subsidiary reported revenues worth ₹78.61 crore, contributing 8.71% to overall revenues.

Nova's focus is on the pain management, gastroenterology and anti-allergic segments. Nova holds over 100 marketing authorisations and is one of the largest generic suppliers in Australia from India.

Business overview
Geography: Rest of the world

Financial snapshot

	2014-15	2015-16	Growth over previous year
Revenues	₹52.32 crore	₹50.43 crore	(3.59)%
EBIDTA	₹9.94 crore	₹7.39 crore	(25.65)%
Contribution to total revenues	6.54%	5.59%	(95) bps

Marksans' competitive edge is its presence across all major markets in Asia, Africa, South America, CIS and the Middle East. The Company is focusing on maintaining the pace of new registrations and venturing into new geographies.

The Company plans to file registrations across all emerging markets.

While venturing into emerging markets the Company plans to emphasise on development, partnership and commercialisation across every market targeted. During the year 2015-16, the ROW business reported revenues of ₹50.43 crore, accounting for 5.59% of the Company's total revenues.

Business overview
Geography: CRAMS vertical

Financial snapshot

	2014-15	2015-16	Growth over previous year
Revenues	₹197.58 crore	₹166.80 crore	(15.58)%
EBIDTA	₹54.9 crore	₹54.55 crore	(0.64)%
Contribution to total revenues	24.70%	18.49%	(621) bps

The Company's CRAMS business comprises:

- External CRAMS: Addressing global pharmaceutical companies.
- Subsidiary CRAMS: Subsidiary companies like Relonchem, Bell and Nova, among others

At Marksans, the CRAMS business vertical has been profitable, marked by farsighted product selection. The Company entered into various contracts for specialised molecules, which command higher margins than the industry average. The Company also entered into licensing agreements with MNCs, including leading players for manufacturing contracts for subsidiaries. Most of the product supply agreements offer multi-year revenue visibility (7-10 years) around complex molecules.

Business overview

R&D

Financial snapshot

	2014-15	2015-16
Expenditure in R&D (₹ crore)	17.41	8.06
Expenditure as a percentage of total standalone sales	4.26	2.20

The Company has in place strong in-house R&D capabilities. The Company has an R&D centre in Goa for developing products for global markets.

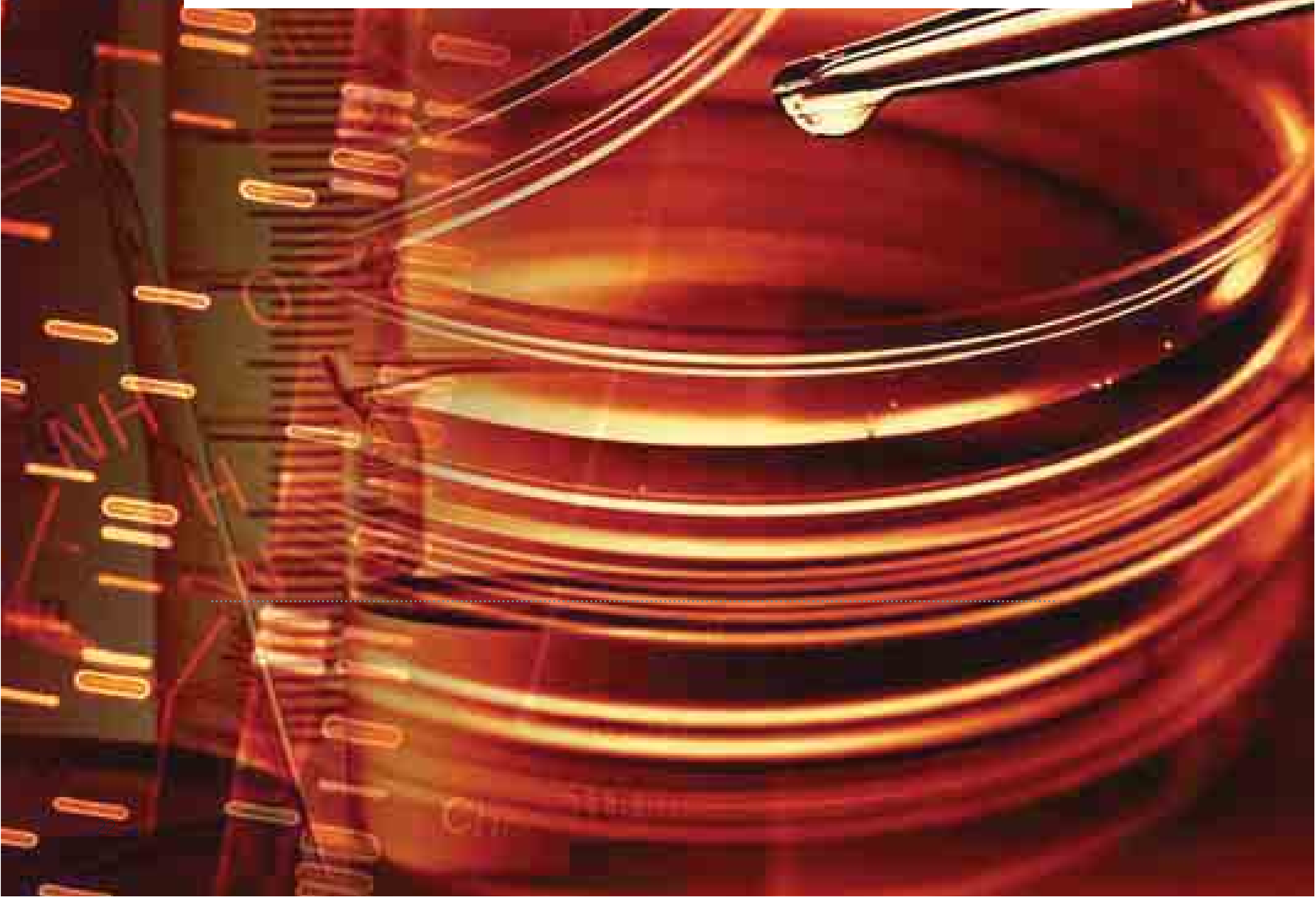
The R&D centre undertakes the following activities:

- Develop generic formulations
- Devise analytical methods
- Conduct stability studies

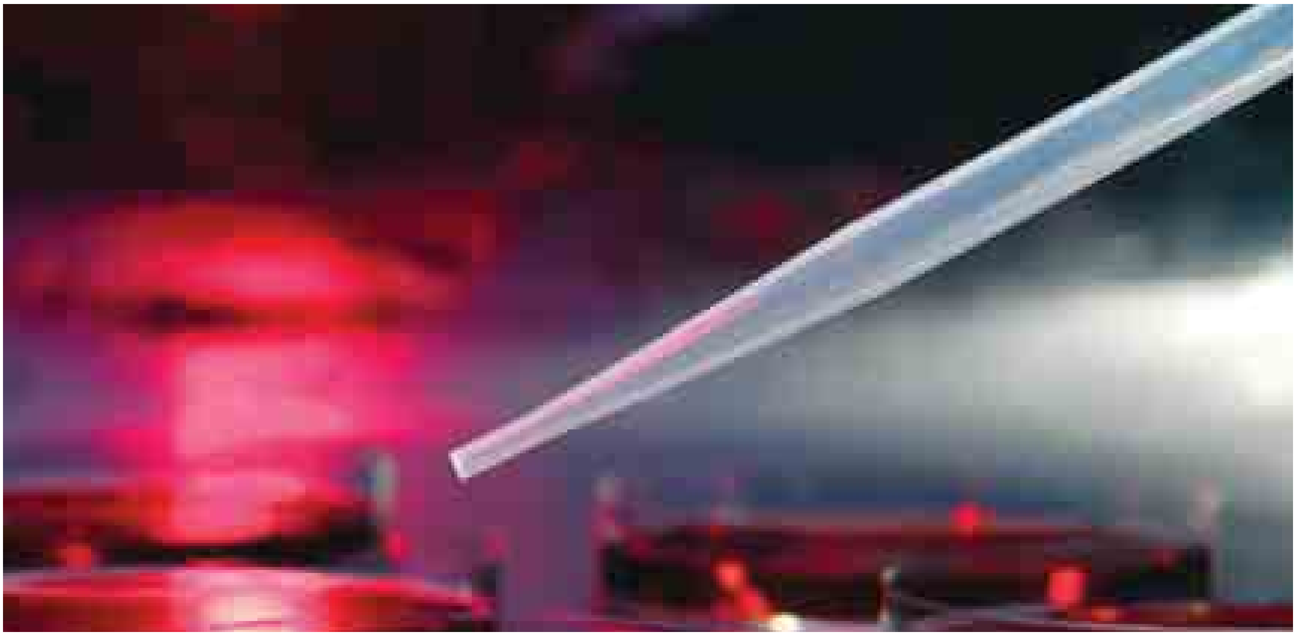
The Company's experienced team of scientists engages in seamless product development (lab scale to pilot scale to commercialisation).

With the help of R&D facilities, the Company successfully strengthened its business presence in the following areas:

- Identified niche areas for product development, namely anti-diabetic, CVS and CNS among others
- Developed formulations for soft gelatin capsules for the global market
- Formulated dossiers for product filing in regulated and emerging markets
- Created a front-end presence in key markets



Management discussion and analysis



Global pharmaceuticals market

The global pharmaceuticals industry is forecast to reach about $1.3 trillion in 2018, up from $1.15 trillion in 2013. The growth rate is estimated to compound annually at 4-7% on a constant currency basis. Higher spending is expected in the realm of specialty medicines. About 40% of the total growth will come from these medicines, primarily for oncological, respiratory and antiviral drugs and immunosuppressants. Much of this growth is attributable to breakthrough therapies or even cures, reduced complications as well as hospitalisations. The developed markets are the primary drivers of this increased growth. Also, the 21 pharmerging countries are expected to increase their contribution to growth over the next five years and account for nearly 50% of absolute growth by 2018. The US still remains the largest market accounting for more than a third of the global total. It is expected to grow at a CAGR of 5-8% till 2018. This is significantly higher than the 3.6% growth clocked during the past five years. In Europe, economic austerity has hindered growth in healthcare, reduced spending and stymied growth. This trend is pegged to continue till 2018. Japan however is forecast to grow at a rate of 1-4%. Pharmerging markets will expand at a CAGR of 8-11%, slower than the past five years (average CAGR of 13.6%). *(Source: IMS)*

Generics and biosimilars segment

As the patent cliff reached its crest during FY2011-12, Plavix, Singulair and Seroquel faced competition in the US for the first time. However, a steady flow of patent expiries continued to boost the global generics industry. Pharmerging markets growth continues to be driven by generics and non-branded products. Growth in such countries is driven mostly by growth in generics. For example, China is expected to register 75% growth over the next five years driven by a branded segment growth of 70% and an unbranded segment growth of 75%.

Latin America has seen the highest growth in the generics segment for any geographic region. Generics have been the most significant driver of growth everywhere apart from North America. There has been a visible increase in low-cost generics in countries like India and Pakistan. The percentage spending on generics as part of total spending stood at – 44% for North America, 61% for Latin America, 46% for Europe, 50% for African and Middle Eastern nations and 52% for Asia. Globally, percentage spending on generics stood at 52% of the overall spending. The expected value of the total global generics sector is expected to rise to $358 billion in 2016 growing at a CAGR of 9.7% between 2011 and 2016. *(Source: IMS)*

Global generics segment

Pharmerging markets are being viewed as one of the biggest drivers of growth for generics. Patent expiries of blockbuster drugs are among the key factors behind the accelerated growth of the generic pharmaceutical market. Patent expiries have caused a steep decline in product prices as established players have lost their monopoly on the market, ultimately benefiting customers. Patent expirations between 2016 and 2020 will further intensify this trend. The global population is expected to increase by a billion over the next 12 years (CAGR of 1%) with most of the growth resulting in developing regions. With this increase in population, more people will fall prey to diseases thereby increasing the revenues of the healthcare sector and in specific the generics vertical. In pharmerging markets, generic and local companies will drive growth as has already been seen in Latin America and Asia. Biologics will continue to account for an increased share of the overall spending as important clinical advances will continue to emerge from around the world. Spending on biosimilars could increase by 2020 although estimates vary widely. *(Source: McKinsey)*

Challenges faced by the pharmaceutical industry

A subdued business environment and spiralling R&D costs are the biggest threats to the segment. The pharma sector's output has remained stable during the past decade. Hence, there's little reason to think the productivity levels will suddenly soar. In 2014, global R&D expenditure was pegged at $139 billion with $105 billion of it being potentially outsourced. Regulations are becoming stricter globally as new cost constraints are imposed on healthcare providers. However, this has also led to the quality of medicines being scrutinised more carefully. Patients want newer therapies that are clinically and economically better than existing alternatives. The prevailing management culture, business models and corporate strategies on which the industry relies are the same ones it has traditionally relied on, even though they've been eclipsed by new ways of doing business. As the economies of developing countries continue to grow, a greater emphasis is expected to be laid on public health. (Source: Frost & Sullivan)

Outlook

The total global spending will reach $1.3 trillion by 2018 driven by population growth, ageing populations and improved access in pharmerging markets. The US will see the largest per capita spending increase till 2018, while others developed countries such as France and Spain will see a decrease due to implementation of policies to control spending growth. Moreover, global spending growth will stay between 4-7% till 2018. Growth in pharmerging markets will still be strong, but slower than historical levels with an overall CAGR of 8–11% compared to a CAGR of 13.6% between 2009 and 2013. The pharmaceutical markets of China, Brazil, and India are expected to increase at a CAGR of 9-12% and at a CAGR of 7-10% in Russia. CAGR in Tier-III pharmerging markets (Mexico, Turkey, Venezuela, Poland, Argentina, Saudi Arabia, Indonesia, Colombia, Thailand, Ukraine, South Africa, Egypt, Romania, Algeria, Vietnam, Pakistan and Nigeria) will veer between 5 and 8%. By 2018, the US is forecast to remain the largest pharmaceutical market, followed by China, Japan, and Germany. Brazil is expected to surpass France, which will drop to sixth. By 2018, 10 of the top-20 pharmaceutical markets will be in pharmerging nations.

The CRAMS opportunity

The global pharmaceutical sector outsources an increasing quantum of services from competitive contract research organisations and contract manufacturing organisations. The result is that contract research and manufacturing services has 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. With a wide range of medicines available for exports and the availability of the largest number of approved pharmaceutical manufacturing facilities, India is the leader in terms of pharmaceutical exports internationally. The Indian contract manufacturing services sector has been growing and is further projected to grow thrice faster than that the global market – CAGR of 18% till 2018. Contract manufacturing accounts for up to 60% of all formulations and bulk drug manufacturing and continues to present itself as a significant growth opportunity. With costs increasing and turnaround times shortening globally, Indian contract manufacturing service providers have recalibrated their product mixes in favour of high-end research, biologics and complex technology services. This has been possible due to the availability of skilled professionals at cost-competitive rates. The Indian pharma research industry has outclassed other geographies including China and Vietnam in the recent past precisely because of this reality. With the forging of strategic partnerships, the range of services of these players can now be expanded to include new drug forms (biologics and parenteral drugs). The result: CARE has pegged the growth rate of the Indian contract research segment at a CAGR of ~20% till 2018. *(Source: FICCI)*

Operational review

Revenue

Standalone turnover of the Company decreased from ₹ 405.59 crore in 2014-15 to ₹ 358.13 crore in 2015-16, decreasing by 11.70 %, mainly due to price erosion on account of higher competition, channel consolidation and government action on pricing/ reimbursement in UK and other European countries.

Cost of sales

Cost of sales decreased to ₹178.18 crore in 2015-16 from ₹218.15 crore in 2014-15. However, cost-sales ratio improved in 2015-16 to 49.75% from 53.79% in 2014-15.

Other expenses

Other expenses increased from ₹48.05 crore in 2014-15 to ₹49.92 crore in 2015-16, an increase of 3.91%, mainly on account of increase in freight costs and legal/professional charges.

Depreciation and amortisation

Depreciation and amortisation provision increased from ₹9.03 crore in 2014-15 to ₹14.75 crore in 2015-16, an increase of 63.31%.

Finance cost

Finance costs decreased from ₹13.11 crore in 2014-15 to ₹6.20 crore in 2015-16, a decrease of 52.69% due to lower utilisation of working capital on account of internal cash generation and optimisation of working capital cycle.

Reserves and surplus

Reserves and surplus stood at ₹369.27 crore in 2015-16 compared to ₹304.75 crore in 2014-15, increasing by 21.17%.

Short-term borrowings

Short-term borrowings reduced to ₹40.62 crore in 2015-16 from ₹43.52 crore in 2014-15, decreasing by 6.67% following the optimisation of the working capital cycle.

Trade payables

Trade payables decreased to ₹31.41 crore in 2015-16 from ₹44.58 crore in 2014-15, decreasing by 29.55%, mainly on account of a more efficient working capital cycle.

Other current liabilities

Other current liabilities reduced to ₹0.68 crore in 2015-16 from ₹39.88 crore in 2014-15, decreased by 98.31% due to repayment of FCCBs.

Tangible assets

The Company's tangible assets increased to ₹90.32 crore in 2015-16 from ₹77.72 crore in 2014-15, increasing by 16.21% due to capex initiatives undertaken at the plants.

Intangible assets

During 2015-16, the Company's intangible assets reduced to ₹7.15 crore from ₹12.29 crore in 2014-15.

Long-term loans and advances

Long-term loans and advances increased to ₹1.25 crore in 2015-16 from ₹0.83 crore in 2014-15, increasing by 51.17%.

Inventories

Inventories decreased to ₹43.74 crore in 2015-16 from ₹51.03 crore in 2014-15, decreasing by 14.28% due to optimisation of the working capital cycle.

Receivables

Receivables increased to ₹133.41 crore in 2015-16 from ₹124.63 crore in 2014-15.

Short-term loans and advances

Short-term loans and advances decreased to ₹23.76 crore in 2015-16 from ₹25.46 crore in 2014-15.

Cash and cash equivalents

Cash and cash equivalents decreased to ₹3.13 crore in 2015-16 from ₹167.54 crore in 2014-15 mainly on account of acquisition of US subsidiary and payment of FCCBs.

Information technology initiative

The Company is in the process of implementing state-of-the-art IT applications to automate processes in quality, manufacturing and R&D.

The Company is also investing in building IT platform to de-risk the manufacturing process and to adopt best practices in the industry. The implementations spread across lab automation, instrument integration and manufacturing execution systems. The IT transformation programme will be rolled out in phases commencing from April 2016.

Change management

Marksans hired top-notch senior managerial personnel at corporate and at site offices (executive director, site director, corporate, quality control, regulatory, manufacturing and human resources). These people offer in-depth knowledge of industry-best practices and best-in-class leadership skills.

New approvals

Marksans is currently marketing 10 approved ANDAs in USA and made 10 more ANDA filings which are awaiting approval. During the first quarter of FY17, it received ANDA approval for Metformin Hydrochloride Extended Release (ER) USP 500 mg and 750 mg Tablets. The product has market size of around $230 million.

Risk management

Risk management is the process of identification, analysis and acceptance or mitigation of uncertainty in investment decisions. Effective risk management helps in innovation and improves performance. Risk associated with every business transaction could have material impact on the performance of the Company. The Company has in place a comprehensive Risk Management Policy under the supervision of the Risk Management Committee. In the process, the Company makes timely and regular analysis of various risks associated with the Company's business and takes corrective actions for managing/mitigating the same.

Industry risk

Downturn in the industry could adversely impact the Company's performance.

Risk mitigation

• The Company is present across the major pharmaceutical markets in the world including USA, UK, and Australia among others.

• The Company has also created strong presence in emerging markets like CIS, Middle-East and African countries among others

Competition risk

Increased competition could dent profitability.

Risk mitigation

• The Company largely operates in the regulated markets which have high entry barriers.

• The Company is among the handful in the US market to file ANDAs in the soft gel category

Finance risk

The Company may not be able to fund expansion.

Risk mitigation

The Company has funded its expansion in the past few years through internal accruals. The strength of its balance sheet can be derived from the fact that the Company is free of long-term debt. The working capital cycle stood at 108 days of turnover equivalent in 2015-16.

Marketing risk

The Company may not be able to market its products.

Risk mitigation

• More than 81% of the Company's sales were derived from direct marketing channel of the Company.

• The Company has created its own marketing channel in the US and in the UK.

Human resources

The Company considers human resource as one of the critical drivers of its performance. The Company carefully selects and nurtures talents and provides them enough room for growth within the organisation. The Company undertakes periodic training initiatives to hone skill of the employees. As on 31st March 2016, the Company's permanent employee strength was 574 (421 as on 31st March, 2015).

Internal control systems and their adequacy

The Company has in place adequate system of internal control and management information systems which covers all financial and operating functions. These systems are designed in a manner which provides assurance with regard to maintenance of strict accounting control, optimum efficiency in operations and utilisation of resources as well as financial reporting, protection of Company's tangible and intangible assets and compliance with policies, applicable laws, rules and regulations.

Disclaimer

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed 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 'anticipates', 'estimates', '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 achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

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

Statutory Section

Director's Report

Dear Shareholders,

The Directors take pleasure in presenting the Twenty Fourth Report along with the financial statements for the year ended 31st March 2016.

Financial Highlights

(₹ in Lakh)

Particulars	2015-16	2014-15
Turnover	35813.21	40559.35
Profit before Depreciation & Amortization expenses, Non-recurring expenses and Tax expenses	10637.73	10571.59
Less: Depreciation & Amortization Expenses	1474.85	903.09
Non-recurring expenses	-	-
Tax expenses	2014.33	2957.59
Profit after Tax	7148.55	6710.91

Operations/State of affairs of the Company

During the year ended 31st March, 2016, total turnover achieved by your Company was ₹35813.21 Lakh as compared to ₹40559.35 Lakh in the previous year. The year witnessed degrowth in Europe formulation business on account of pricing pressure. During the year under review, your Company has registered a net profit of ₹7148.55 Lakh as compared to ₹6710.91 Lakh in the previous year. This is mainly due to strong business in US and Australian markets, improved financial performances and also due to better realization on account of currency movement.

Consolidated Financial Statements

In compliance with the Accounting Standard - 21 on Consolidated Financial Statements, this Annual Report also includes Consolidated Financial Statements for the financial year under review. From the Consolidated Statement of Profit and Loss, it may be observed that the turnover for the year under review has increased to ₹89332.62 Lakh from ₹79668.76 Lakh in the previous financial year. During the year under review, your Company registered a consolidated net profit of ₹7851.16 Lakh as compared to net profit of ₹10939.65 Lakh during the previous financial year.

Subsidiaries, Joint Ventures and Associate Companies

i. Performance of Marksans Pharma (UK) Limited, which operates in the European markets impacted mainly due to price erosion on account of higher competition, channel consolidation and government action on pricing/reimbursement.

ii. Nova Pharmaceuticals Australasia Pty Ltd (your Company holds 60% of the share capital) which operates mainly in Australia is doing well with consistent growth.

iii. Time-Cap Laboratories Inc., New York (your Company holds 100% of the share capital through a wholly owned subsidiary Marksans Pharma Inc.) which operates mainly in United States and North America, has shown 100% revenue growth. However, due to one time acquisition cost charged to the Statement of Profit and Loss during the financial year 2015-16, it is showing net loss of USD 0.86 million.

Pursuant to a Central Government's Circular dated 8th February, 2011, the audited accounts together with Director's Report and Auditor's Report of the subsidiaries namely Marksans Pharma (UK) Limited, Marksans Pharma Inc. and Nova Pharmaceuticals Australasia Pty Ltd are not being appended to the Annual Report. However, a statement giving information in aggregate for each subsidiary including subsidiaries of subsidiaries are attached to the Consolidated Balance Sheet.

Your Company has no Joint Ventures and Associate Companies.

Dividend

Your Directors have recommended, subject to approval of the members in the ensuing Annual General Meeting, dividend of ₹0.12 (12%) per equity share of ₹1/- each and dividend of ₹7/- (7%) per preference share of ₹100/- each for the financial year ended 31st March, 2016. Total cash outflow on account of dividend payment including dividend distribution tax will be ₹696.48 Lakh for the financial year ended 31st March, 2016.

Reserves

During the year under review, no amount was transferred to General Reserve.

Share Capital

During the year under review, there was no change in the Share Capital.

Regulatory Compliances

Your Company's facilities in UK and USA have gone through successful cGMP audit by UK MHRA and US FDA respectively during the year.

During the year under review, UK MHRA conducted GMP inspection of the Company's Goa plant from 23rd November, 2015 to 25th November, 2015 and raised certain observations. UK MHRA, after review of your Company's response to the inspectional findings, considered a majority of them to be acceptable and issued a "Restricted GMP Certificate" allowing the Company to continue manufacture and marketing of critical products for the UK markets. As per UK MHRA's assessment, listed products manufactured by your Company for the UK market are evaluated to be critical for public health and are allowed continuation of manufacture.

The restricted GMP status would continue until MHRA's next inspection. Your Company is committed to complete holistic remediation at the earliest. To that end, your Company has been working vigorously with the implementation of the required corrective actions.

Management Discussion and Analysis

A report on Management Discussion and Analysis covering industry structure and development, financial and operational performance of the Company, risks, concerns, opportunities, threats and outlook forms a part of this Report.

Directors and Key Managerial Personnel (KMP)

Dr. Balwant Shankarrao Desai (DIN: 03631170) resigned as Director and Whole-time Director of the Company with effect from 21st March, 2016.

Dr. Vinay Gopal Nayak (DIN: 02577389), who was appointed as an additional director effective from 21st March, 2016, will cease to be a director on the ensuing Annual General Meeting. He is being proposed to be appointed as a director in the same Annual General Meeting liable to retire by rotation. The Board of Directors has also appointed Dr. Nayak as a Whole-time Director, subject to approval of the members in the ensuing Annual General Meeting with effect from 21st March, 2016.

Dr. Vinay Gopal Nayak, is M.Sc. and Ph.D in Chemistry. He is a pharmaceutical professional with technical background who has worked with organisations such as Cipla, Lupin, Watson and Alembic pharmaceuticals. He is specialised in the areas of Manufacturing, Quality, R&D, Compliance and Regulatory Affairs both for API and finished dosage form manufacturing. In a career span of 30 years, he has provided leadership to the above organisations rise to become global leaders in their specialised segments.

Dr. Nayak has successfully handled about 50 USFDA and 30 other international regulatory inspections with good leadership and sound technical knowledge. Apart from plant expansions and capacity enhancements, he has given the organisations very sound quality systems which are capable of standing up to very tough regulatory inspections of recent years. As team player in each organisation, he was capable of filing innovative ANDA and DMF products all these years through efficient regulatory pathway. His strength/ expertise involve selecting good teams, grooming them and meeting organisational expectations all these years. Dr. Nayak is a member of Indian Pharmacopoeia, Examiner of Mumbai University for Masters and Ph.D students. He is a winner of many awards and recognitions. He is also an Advisory Board member of USP. His in-depth knowledge and experience in the aforesaid field shall be of great help to the Company in the long run. The appointment of Dr. Vinay Gopal Nayak is appropriate and in the best interest of the Company.

Mrs. Sandra Saldanha (DIN: 00021023), Director of the Company, will retire by rotation at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment.

Number of Meetings of the Board

The Board met 5 (Five) times in financial year 2015-16 on 30.05.15, 08.08.15, 10.11.15, 12.02.16 and 21.03.16.

Evaluation of Performance of Board, Committee and Directors

Performance evaluation of the Board as a whole, the Committees of Directors and all individual Directors has been carried out for the year under review in accordance with the criteria framed pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

All the independent directors of your Company also had a separate meeting without the attendance of executive directors and management personnel and reviewed the performance of the Board of Directors as a whole, the Chairman of the Board and the executive non-independent directors and have expressed their satisfaction over the same. The independent directors have also reviewed and expressed their satisfaction over the quality, quantity and timeliness of flow of information between the Company management and the directors that was necessary for the directors to effectively and reasonably perform their duties.

Policy on Directors Appointment and Remuneration

Your Company has in place a policy relating to nomination and remuneration of directors as well as key managerial personnel and other employees formulated by the Nomination and Remuneration Committee. The Nomination and Remuneration Policy, inter alia, provides for the following:

The Committee identifies and ascertains the integrity, qualification, expertise and experience of the person for appointment as Director in terms of Diversity Policy of the Board and recommends to the Board his / her appointment.

For the appointment of KMP (other than Managing / Whole-time Director) or Senior Management, a person should possess adequate qualification, expertise and experience for the position he / she is considered for the appointment. Further, for administrative convenience, the appointment of KMP (other than Managing / Whole-time Director) or Senior Management, the Managing Director is authorised to identify and appoint a suitable person for such position.

The remuneration / compensation / commission, etc., as the case may be, to the Managing / Whole-time Director is determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission, etc., as the case may be, shall be subject to prior / post approval of the shareholders of the Company and in accordance with the provisions of the Companies Act, 2013 and Rules made thereunder. Further, the Managing Director of the Company is authorised to decide the remuneration of KMP (other than Managing / Whole-time Director) and Senior Management, based on the standard market practice and prevailing HR policies of the Company.

The remuneration / commission / sitting fees, as the case may be, to the Non-Executive / Independent Director is decided by the Committee / Board / shareholders in accordance with the provisions of the Companies Act, 2013 and the Rules made thereunder for the time being in force.

An Independent Director is not entitled to stock option of the Company.

Declaration From Independent Directors

The Company has received necessary declaration from all the Independent Directors under Section 149(7) of the Companies Act, 2013 confirming that they meet the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (LODR) Regulations, 2015.

Familiarization Programme for Independent Directors

At the time of appointing an independent director, a formal letter of appointment is given, inter alia, explaining his role, functions, duties and responsibilities and the Board's expectations from him as a director of the Company. In the first meeting of the Board attended by the newly appointed independent director, he is familiarized by the Managing Director and Chief Financial Officer of the Company about Structure and development of the Indian and Global Pharma industry; business, financial and operational performance of the Company; opportunities available to the Company vis-a-vis the potential of the Company to tap those opportunities; risks, concerns and threats to the Company and its strategies to overcome them; role, duties, functions and responsibilities of independent directors towards the Company; codes for independent directors prescribed in Schedule IV to the Companies Act, 2013 and various codes and policies adopted by the Company. Further, the independent directors are familiarized about the above from time to time on a regular basis in order to keep themselves up to date. Company's policy on the familiarization program for the independent directors is available on the Company's website www.marksanspharma.com.

Committees of the Company

Currently, the Company has five committees; The Audit Committee, The Nomination and Remuneration Committee, The Stakeholders' Relationship Committee, The Corporate Social Responsibility Committee and The Risk Management Committee. Details of the composition of these committees are given in the Corporate Governance Report section of this Annual Report.

Policies

Your Company always strives to promote and follow the highest level of ethical standards in all its business transactions. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandated the formulation of certain policies for all listed companies. All the policies adopted by your Company are available on the Company's website www.marksanspharma.com. These policies are reviewed periodically by the Board and updated based on need and new compliance requirements. Key policies that have been adopted by the Company are as follows:

Name of the Policy	Brief Description
Code of Conduct to Regulate, Monitor and Report Trading in securities	The policy provides framework for dealing with securities of the Company.
Code of Conduct for Directors & Employees	The Code envisages directors and employees of the Company to observe in day to day operations of the Company.
Policy on Related Party Transactions	The policy regulates all transactions between the Company and its related parties.
Corporate Social Responsibility (CSR) Policy	The policy outlines Company's strategy to bring about a positive impact on society.
Whistle Blower Policy (Vigil Mechanism)	The policy provides for directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's codes of conduct and ethics.
Code of Practice and Procedure for Fair Disclosure of Unpublished Price Sensitive Information	The Code envisages fair disclosure of events and occurrences that could impact price discovery in the market for the Company's securities.

Details Relating to Deposits, Covered Under Chapter V of the Companies Act, 2013

Your Company has not accepted any public deposits and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

Loans, Guarantees or Investments

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

Research and Development (R&D)

Your Company is committed to continuously fund its R&D capabilities. One of the Company's biggest strength lies in vibrant and productive R&D function that has continuously placed your Company ahead through consistent development of niche technology, processes and products. Your Company will continue to invest in R&D to keep pace with the changing domestic and global scenario.

During the year, your Company has initiated steps to set up a Research & Development Centre at Navi Mumbai, Maharashtra, which is expected to be operational by the end of this year.

Particulars Regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

As required under section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, the relevant information and data are annexed to this report as Annexure - A.

Internal Financial Control Systems and their Adequacy

Your Company has in place adequate system of internal control and management information systems which covers all financial and operating functions. These systems are designed in a manner which provides assurance with regard to maintenance of strict accounting control, optimum efficiency in operations and utilization of resources as well as financial reporting, protection of Company's tangible and intangible assets and compliance with policies, applicable laws, rules and regulations. Your Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. The Audit Committee has a process for timely check for compliance with the operating systems, accounting procedures and policies. Major risks identified by the businesses and functions are systematically addressed through mitigating action on continuing basis.

Information Technology

Your Company continues to make required investments in the Information Technology area to cope up with the growing information needs necessary to manage operations efficiently. Towards this end, your Company has, during the financial year 2015-16, successfully implemented SAP (Systems Applications and Products in Data Processing) Enterprise Resource Planning covering virtually every aspect of the business operations.

Health, Safety & Environment

Your Company is committed to ensure sound Safety, Health and Environment performance related to its activities, products and services. Your Company is also committed to strengthen pollution prevention and waste management practices and to provide a safe and healthy environment.

Related Party Transactions

There are no material related party transactions during the year under review with the Promoters, Directors or Key Managerial Personnel or their relatives.

All Related Party Transactions (with the subsidiaries) that were entered into during the financial year were in the ordinary course of business on arm's length basis and repetitive in nature. The Audit Committee has granted omnibus (ad hoc) approval for Related Party Transactions as per the provisions and restrictions contained in the policy framed under Regulation 23 of SEBI (LODR) Regulations, 2015. The policy is available on the Company's website www.marksanspharma.com. Your Company is paying rent to Mr. Mark Saldanha, Managing Director for taking his house on leave and license basis which is being used to provide residential accomodation to senior executives of the Company. All Related Party Transactions are placed before the Audit Committee and the Board of Directors for information and are entered in the Register maintained under Section 189 of the Companies Act, 2013.

Whistle Blower Policy/Vigil Mechanism

Your Company has in place a Whistle Blower Policy to deal with instance of fraud and mismanagement, if any. Under the policy, an effective vigil mechanism for directors and employees has been established to report their genuine concerns, actual or suspected fraud or violation of the Company's codes of conduct. Details of the Whistle Blower Policy are available on the Company's website www.marksanspharma.com.

The said mechanism also provides for adequate safeguards against victimisation of the persons who use such mechanism and makes provision for direct access to the chairperson of the Audit Committee. We confirm that during the financial year 2015-16, no employee of the Company was denied access to the Audit Committee. During the financial year 2015-16, there were no instance of any unethical behavior, actual or suspicious fraud or violation in the Company's operational policies and codes of conduct.

Risk Management System

Your directors are aware of the risks associated with the Company's business. Your Company makes timely and regular analysis of various risks associated with the Company's business and takes corrective actions for managing/mitigating the same. Your Company has institutionalized the policy/process for identifying, minimising and mitigating risks under the supervision of Risk Management Committee of the Company. The key risks and mitigation measures are also reviewed by the Audit Committee.

Corporate Social Responsibility

Being the initial year of spending on CSR activities, your Company is in the process of evaluating various focus areas for its CSR activities and is also in the process of identifying NGOs working in the area of health and education to support them in their endeavors.

Your Company is also identifying some key projects which will be executed in coming years.

For the above reasons, no amount was spent towards CSR in the financial year 2015-16.

The particulars required to be disclosed pursuant to the Companies (Corporate Social Responsibility Policy) Rules, 2014 are annexed to this report as Annexure B.

Disclosure Under Sexual Harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Your Company has in place a Prevention of Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committees have been set up to redress complaints regarding sexual harassment at Mumbai office as well as Goa plant. All employees (permanent, contractual, temporary, trainees) are covered under this policy. During the year under review, the Company has not received any complaint related to sexual harassment at both the sites.

Significant and Material orders Passed by the Regulators or Courts or Tribunals

There are no significant material orders passed by the Regulators/Courts which would impact the going concern status of the Company and its future operations.

Change in the Nature of Business

During the year under review, there is no change in the nature of Business of the Company.

Corporate Governance

Pursuant to Schedule V of SEBI (LODR) Regulations, 2015, a detailed report on Corporate Governance and a certificate from the Auditors regarding compliance with the conditions of Corporate Governance is annexed to this report as Annexure - C.

Extract of Annual Return

The Extract of Annual Return as provided under Section 92(3) of the Companies Act, 2013 and as prescribed in Form No. MGT-9 of the Companies (Management and Administration) Rules, 2014 is annexed to this report as Annexure - D.

Employees

The ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed to this report as Annexure - E.

The statement showing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed to this report as Annexure - F.

Human Resources Development and Industrial Relations

The guiding principle of HR Policy at your Company is that the "Intellectual Capital" and dedication of employees will help the Company emerge as a successful player in this highly competitive scenario.

The recruitment procedure ensures that people with talent and the right skill sets are selected. Nurturing of talent and a Performance Management System (PMS) is in place to ensure that the coordinated efforts of our people lead to achievement of the Business Goals of the Company.

Empowerment and a motivational package ensure that employees keep performing at peak levels. The HR Policy is directed towards creating "Ownership of Goals" at levels and synchronizing the efforts of all employees to achieve the Company's quality and business goals.

Development of skills through mentoring and training by our seasoned professionals ensures that the talent pool keeps expanding. The Leadership Role played by our senior professionals helps to keep the next rung of leadership ready to take up the challenges thrown up by the global market.

The management helps the process of decision making by decentralizing and empowering professionals to execute tasks in a speedy manner. The management fosters information sharing and free exchange of ideas. Above all, the sense of ownership and empowerment to take decisions helps the Company to adapt and be ahead of the competition in this rapidly changing global environment.

The industrial relation at all the plant sites of your Company is cordial.

As on 31st March, 2016, the Company's permanent employee strength was 574 (421 as on 31st March, 2015).

Directors Responsibility Statement

In terms of provisions of Section 134(3)(c) of the Companies Act, 2013, your Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- the directors had selected such accounting policies and applied them consistently and made judgements 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 ended 31st March, 2016 and the Statement of Profit and Loss for the period ended 31st March, 2016;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the annual accounts have been prepared on a going concern basis.
- Proper internal finance controls were in place and that the financial controls were adequate and were operating effectively.
- Had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Auditors

M/s. N. K. Mittal & Associates, Statutory Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received letter from them to the effect that they are eligible and are not disqualified for the appointment and that their appointment, if made, would be within the prescribed limits under the provisions of the Companies Act, 2013. The Board recommends their re-appointment as Statutory Auditors. The Statutory Auditors have also not reported any fraud in the Company.

There are no qualifications, reservations or adverse remarks or disclaimers in the reports of the Statutory Auditors.

Cost Audit

Your Company is a 100% export oriented unit and therefore, it is exempted from audit of its cost accounting records.

Secretarial Audit

Pursuant to Section 204 of the Companies Act, 2013, the Board of Directors has appointed Ms. Khushboo Bakul Gopani, a practicing company secretary (Membership No.29194) as Secretarial Auditor to undertake the Secretarial Audit of the Company. The report of the Secretarial Auditor is annexed to this report as Annexure - G.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

Appreciation

The directors place on record their appreciation for the contribution made by the employees at all levels enabling the Company to achieve the performance during the year under review.

The directors also appreciate the valuable co-operation and continued support extended by Company's Bankers, Medical Professionals, Business Associates and Investors who have put their faith in the Company.

By order of the Board of Directors

Mark Saldanha
Chairman & Managing Director
DIN: 00020983

Mumbai
Dated 13th August, 2016

Annexure A

Annexure to the Report of the Board of Directors

Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo Required under the Companies (Accounts) Rules, 2014.

A. Conservation of Energy

a) Energy Conservation measures taken:

The Company continues with its policy of giving priority to energy conservation measures including regular review of energy generation and consumption and effective control on utilization of energy.

The following energy conservation methods were implemented during the year.

a) Intensified internal audit aimed at detecting wastage and leakage of utility Circuits.

b) Scheduled production to avoid usage of diesel during "Weekly Power Shutdown".

c) Optimisation of Agro Waste Fired Boilers.

d) Optimisation in use of cooling water pumps.

e) Use of energy efficient pumps and motors.

f) Chemical dosing of cooling/chilling water system.

g) Installed energy efficient motors for chilling plant compressors.

h) Cold insulation ducting and HVAC system was checked and sections redone.

i) Conducted compressed air audit.

j) Optimised air compressor pressure.

k) Replaced Furnace Oil Boiler with Briquette Boiler.

b) Additional investments:

a) Continuously install electronic devices to improve quality of power and reduction of energy consumption.

b) Install efficient steam boiler burner.

c) Harmonics and power factor improvements.

d) Install energy saving lamps.

e) Install VFD for air compressor motors.

f) Optimisation use of Agro Waste Boiler.

c) Impact of above measures:

The adoption of energy conservation measures have resulted in considerable savings and increased level of awarness amongst the employees. The energy conservation measures have also resulted in improvement of power factor and consequential tariff benefits. These measures have also resulted into better quality of power, reduction in fossil fuel combustion, optimal utilization of resources resulted in overall efficiency improvement and reduced consumption of fuel, water and power resulted in lowering overall costs.

d) Energy Consumption:

Particulars	2015-16	2014-15
1. Electricity		
(a) Purchases		
Units (kwhs)	9636420	8623968
Total Amount (₹)	52119576.00	43626581.00
Rate/ Unit (₹)	5.41	5.06
(b) Own Generation		
Through Diesel		
Units (in'000 kwhrs)	344.10	381.84
Units per Ltr of Diesel Oil	3.70	2.96
Cost/ Unit (₹)	13.38	19.91
2. Agro Waste Consumption		
Qty (units in '000)	4365.71	5590.81
Total Amount (₹'000)	14377.90	21392.22
Average Rate	3.29	3.83

B. Technology Absorption

Research and Development (R&D)

(1) Specific areas in which R&D carried out by the Company. Foray into Generic business and identification of few niche areas for product development, mainly in dossier

development, post patent filing for regulated and emerging markets. The Company is building a future by strengthening its research formulation through consistent investments in every aspect of its R&D programs, be its Generics Research or Advanced Drugs Delivery Systems (ADDS). The Generics R&D programs continues to create meaningful product pipelines for formulations for the US, European and other advanced and emerging markets.

(2) Benefits derived as a result of above R & D
The Company continued to benefit from its consistent investments in research through increase in number of products exported to US, Europe and other regulated and emerging markets.

(3) Future plan of action
Development of new and innovative products will lead to evolution of comprehensive range of generics leading to Abbreviated New Drug Applications / Dossiers for filing.

(4) Expenditure on R&D
Company continues to benefit from the extensive Research and Development (R&D) activity carried on. During the year, the Company has incurred expenses of R & D nature for new products development and ANDA/ Dossiers filing for regulated and emerging markets.

Expenditure on R&D

a. Capital expenditure	₹38.07 Lakh
b. Revenue expenditure	₹768.10 Lakh
c. Total	₹806.17 Lakh
d. Total R&D expenditure as a percentage of total standalone revenue	2.20%

During the year, the Company has also initiated steps to set up a Research & Development Centre at Navi Mumbai, Maharashtra which is expected to be operational by the end of this year.

Technology absorption, adaptation and innovation.

1. Efforts, in brief, made towards technology absorption, adaptation and innovation improvements in process parameters, up-gradation of plant and systems facility, working systems, documentation and practices to international regulatory standards for European and U.S. Market.

2. Benefits derived as a result of the above efforts.
Bio Fuel being substantially cheaper to Furnace Oil, its usage will generate savings in fuel cost. Also it will save time on steam generation and add to operator safety. Access to highly regulated markets, thereby increasing the sales volumes. Installation of new testing equipment has substantially reduced dependency on external testing, thereby reducing the overall operational time cycles. The same has also resulted in reduction in manpower. Improvements in process parameters have reduced the percentage rejection in the process thereby reducing the wastage of costly raw material.

3. Imported Technology
Nil

C. Foreign Exchange Earnings & Outgo

During the financial year 2015-16, the Company used foreign exchange amounting to ₹7960.46 Lakh (Previous Year ₹10849.66 Lakh) and earned foreign exchange amounting to ₹34179.79 Lakh (Previous Year ₹40043.11 Lakh).

By order of the Board of Directors

Mark Saldanha
Chairman & Managing Director
DIN: 00020983

Mumbai
Dated: 13th August, 2016

Annexure B

Annexure to the Report of the Board of Directors

Annual Report on Corporate Social Responsibility (CSR) Activities

1.	A brief outline of the Company's CSR Policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs	To actively contribute to the social and economic development of the communities and build a better sustainable way of life for weaker sections of society. The Company's CSR policy is available on the Company's website at http://marksanspharma.com/compliances.html
2.	Composition of CSR Committee	(i) Dr. Vinay Gopal Nayak - Chairman (ii) Mrs. Sandra Saldanha - Member (iii) Mr. Seetharama R. Buddharaju – Member
3.	Average Net Profits of the Company for last three financial years	₹6318.31 Lakh
4.	Prescribed CSR Expenditure (two percent of the amount as in Item 3 above)	₹126.37 Lakh
5.	Details of CSR Spent during the financial year - Total Amount to be spent for the financial year - Amount unspent, if any - Manner in which the amount spent during the financial year	 ₹126.37 Lakh ₹126.37 Lakh N.A.
6.	Reasons for not spending the amount	Being the initial year for spending on CSR activities, the Company is in the process of evaluating various focus areas for its CSR activities and is also in the process of identifying NGOs working in the area of health and education to support them in their endeavors. The Company is also identifying some key projects which will be executed in coming years. For the above reasons, no amount was spent towards CSR in the financial year 2015-16.

The CSR Committee confirms that implementation and monitoring of the CSR policy is in compliance with the CSR objectives and Policy of the Company.

Place: Mumbai	**Dr. Vinay Gopal Nayak**	**Mr. Mark Saldanha**
Date: 13th August, 2016	Chairman- CSR Committee	Managing Director

Annexure C

Annexure to the Report of the Board of Directors

Corporate Governance Report

Company's Philosophy on Code of Governance

The Company is committed to the principles of good corporate governance to achieve long term corporate goals and to enhance shareholders value by managing its operations at all levels with highest degree of transparency, responsibility and delegation with equity in all facets of its operations leading to sharp focus and operationally efficient growth. The spirit of Corporate Governance has prevailed in the Company and has influenced its decisions and policies. Strong internal control systems and procedures and codes of conduct for observance by the Company's directors and employees are conducive in achieving good corporate governance practices in the Company. The compliance report is prepared and given below in conformity with the mandatory requirements of Regulation 34(3) and Schedule V of SEBI (LODR) Regulations, 2015.

Board of Directors

As on the date of this report, total number of Directors on the Board is 6 (Six). Out of that, three Directors are non-executive and independent. During the financial year under review, 5(Five) Board Meetings were held on following dates: 30.05.2015, 08.08.2015, 10.11.2015, 12.02.2016 and 21.03.2016.

None of the Directors are members of more than 10 Committees of the Board nor are the Chairman of more than 5 Committees of the Board across all the companies in which they are directors. The details as to Composition, Status, Attendance at the Board Meetings and the last Annual General Meeting, outside Directorship and other Committees membership are as follows:

Name of the Director	Executive/ Non-executive/ Independent/ Promoter	No. of Shares in the Company	No. of Board Meetings attended out of 5 held	No. of outside directorship in Public Limited Companies*	Membership held in Committee of Directors**	Chairmanship held in Committee of Directors**	Whether attended last AGM
Mr. Mark Saldanha (Chairman & Managing Director)	Executive, Non-Independent & Promoter	197491553	5	Nil	Nil	Nil	Yes
Mrs. Sandra Saldanha	Executive, Non-Independent & Promoter	180	5	Nil	Nil	Nil	Yes
Dr. Balwant Shankarrao Desai (upto 21st March, 2016)	Executive & Non-Independent	Nil	4	Nil	Nil	Nil	Yes
Dr. Vinay Gopal Nayak (w.e.f. 21st March, 2016)	Executive & Non-Independent	Nil	-	Nil	Nil	Nil	-
Mr. Seetharama R. Buddharaju	Non-executive & Independent	Nil	5	Nil	Nil	Nil	Yes
Mr. Ajay S. Joshi	Non-executive & Independent	Nil	4	Nil	Nil	Nil	No
Mr. Naresh B. Wadhwa	Non-executive & Independent	774883	4	Nil	Nil	Nil	Yes

* This excludes directorship held in private companies, foreign companies, companies formed under Section 8 of the Companies Act, 2013.

** Membership/Chairmanship in Committee of Directors includes Audit Committees and Stakeholders Relationship Committees in public companies only. This does not include membership/chairmanship in Committees of Directors of Marksans Pharma Limited.

Audit Committee

The Audit Committee consists of Directors, namely Mr. Seetharama R. Buddharaju (Chairman), Dr. Vinay G. Nayak, Mr. Naresh B. Wadhwa and Mr. Ajay S. Joshi. The Managing Director and Head of Finance are invited to the audit committee meetings. Company Secretary acts as Secretary to the Committee. The constitution, functions and terms of reference of the Audit Committee are those prescribed under Regulation 18 and Schedule V of SEBI (LODR) Regulations, 2015 as well as under Section 177 of the Companies Act, 2013.

During the financial year under review, the Audit Committee met 4(Four) times on 30.05.2015, 08.08.2015, 10.11.2015 and 12.02.2016. The necessary quorum was present at all the meetings. The Chairman of the Audit Committee was present at the last Annual General Meeting.

The attendance of the members at the Audit Committee meetings is as under:

Sr. No.	Name of Members	Position	Category	Meetings Attended out of 4 held
1.	Mr. Seetharama R. Buddharaju	Chairman	Non-Executive & Independent	4
2.	Dr. Vinay G. Nayak (w.e.f. 21st March, 2016)	Member	Executive & Non-Independent	-
3.	Mr. Naresh B. Wadhwa	Member	Non-Executive & Independent	4
4.	Mr. Ajay S. Joshi	Member	Non-Executive & Independent	3
5.	Dr. Balwant S. Desai (upto 21st March, 2016)	Member	Executive & Non-Independent	4

Nomination and Remuneration Committee

Nomination and Remuneration Committee of the Company consists of independent directors, namely Mr. Seetharama R. Buddharaju (Chairman), Mr. Naresh B. Wadhwa and Mr. Ajay S. Joshi. The Constitution, functions and terms of reference of the Nomination and Remuneration Committee are those prescribed under Regulation 19 and Part D of Schedule II of SEBI (LODR) Regulations, 2015 and Section 178 of the Companies Act, 2013.

During the financial year under review, Nomination and Remuneration Committee met 2(Two) times on 08.08.2015 and 12.02.2016. The necessary quorum was present at the meetings. The attendance of the members at Nomination and Remuneration Committee meetings is as under:

Sr. No.	Name of Members	Position	Category	Meetings Attended out of 2 held
1.	Mr. Seetharama R. Buddharaju	Chairman	Non-Executive &Independent	2
2.	Mr. Naresh B. Wadhwa	Member	Non-Executive &Independent	2
3.	Mr. Ajay S. Joshi	Member	Non-Executive & Independent	2

Nomination and Remuneration Policy

The Company has in place Nomination and Remuneration Policy in accordance with Section 178 of the Companies Act, 2013. The Nomination and Remuneration Policy, inter alia, provides for the following:

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director in terms of Diversity Policy of the Board and recommend to the Board his/her appointment.

2. For the appointment of KMP (other than Managing/Whole-time Director) or Senior Management, a person should possess adequate qualification, expertise and experience for the position he/she is considered for the appointment. Further, for administrative convenience, appointment of KMP (other than Managing/Whole-time Director) or Senior Management, the Managing Director is authorised to identify and appoint a suitable person for such position.

3. Remuneration / compensation / commission, etc., as the case may be, to the Managing / Whole-time Director is determined by the Committee and recommended to the Board for approval. Remuneration / compensation / commission, etc., as the case may be, shall be subject to prior / post approval of the shareholders of the Company and in accordance with the provisions of the Companies Act, 2013 and Rules made thereunder. Further, the Managing Director of the Company is authorised to decide remuneration of KMP (other than Managing/Whole-time Director) and Senior Management based on the standard market practice and prevailing HR policies of the Company.

4. Remuneration / commission / sitting fees, as the case may be, to the Non-Executive/ Independent Director, is in accordance with the provisions of the Companies Act, 2013 and the Rules made thereunder for the time being in force or as may be decided by the Committee / Board / shareholders.

5. An Independent Director shall not be entitled to any stock option of the Company.

Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee consists of Directors, namely Mr. Seetharama R. Buddharaju (Chairman), Dr. Vinay G. Nayak, Mr. Naresh B. Wadhwa and Mr. Ajay S. Joshi. The Committee looks into shareholders' and Investors' grievances. The Committee also oversees the performance of the Registrar and Share Transfer Agent and recommends measures to improve level of investor services.

Number of complaints received during the year : 53
Number of complaints resolved to the satisfaction of shareholders : 53
Number of complaints outstanding as on 31.03.2016 : 0

During the financial year under review, Stakeholders Relationship Committee met 4(Four) times on 30.05.2015, 08.08.2015, 10.11.2015 and 12.02.2016. The necessary quorum was present at all the meetings.

The attendance of the members at the Stakeholders' Relationship Committee meetings is as under:

Sr. No.	Name of Members	Position	Category	Meetings Attended out of 4 held
1.	Mr. Seetharama R. Buddharaju	Chairman	Non-Executive & Independent	4
2.	Dr. Vinay G. Nayak (w.e.f. 21st March, 2016)	Member	Executive & Non-Independent	-
3.	Mr. Naresh B. Wadhwa	Member	Non-Executive & Independent	4
4.	Mr. Ajay S. Joshi	Member	Non-Executive & Independent	3
5.	Dr. Balwant S. Desai (upto 21st March, 2016)	Member	Executive & Non-Independent	4

Corporate Social Responsibility (CSR) Committee

CSR Committee of the Company consists of directors, namely Dr. Vinay G. Nayak (Chairman), Mrs. Sandra Saldanha, and Mr. Seetharama R. Buddharaju. The Company has in place a CSR Policy formulated by CSR Committee and approved by the Board of the Company. CSR Committee is responsible for execution, implementation, monitoring and reporting to the Board the projects and programs undertaken under the said CSR Policy.

During the financial year under review, CSR Committee met 2(Two) times on 30.05.2015 and 12.02.2016. The necessary quorum was present at the meetings. The attendance of the members at CSR Committee meetings is as under:

Sr. No.	Name of Members	Position	Category	Meetings Attended out of 2 held
1.	Dr. Balwant S. Desai (upto 21.03.2016)	Chairman	Executive & Non-independent	2
2.	Dr. Vinay G. Nayak (w.e.f. 21.03.2016)	Chairman	Executive & Non-independent	-
3.	Mrs. Sandra Saldanha	Member	Executive & Non-independent	2
4.	Mr. Seetharama R. Buddharaju	Member	Non-Executive & Independent	2

Risk Management Commiittee

Risk Management Committee of the Company consists of Dr. Vinay G. Nayak (Chairman), Mr. Seetharama R. Buddharaju and Mr. Jitendra Sharma. The Company has a Risk Management Policy formulated by Risk Management Committee and approved by the Board of the Company. Risk Management Committee is responsible to implement and monitor risk assessment and minimization procedure and periodically report to the Board a risk statement and recommend to the Board risk mitigation measures, if any, for approval.

During the financial year under review, Risk Management Committee met 2(Two) times on 30.05.2015 and 12.02.2016. The necessary quorum was present at the meetings. The attendance of the members at Risk Management Committee meetings is as under:

Sr. No.	Name of Members	Position	Category	Meetings Attended out of 2 held
1.	Dr. Balwant S. Desai (upto 21.03.2016)	Chairman	Executive & Non-independent	2
2.	Dr. Vinay G. Nayak (w.e.f. 21.03.2016)	Chairman	Executive & Non-independent	-
3.	Mr. Seetharama R. Buddharaju	Member	Non-Executive & Independent	2
4.	Mr. Jitendra Sharma	Member	Chief Financial Officer	2

The Board has designated Mr. Harshavardhan Panigrahi, Company Secretary of the Company as Compliance Officer.

Share Transfer System

The Company has appointed Bigshare Services Private Limited as its Registrar and Share Transfer Agent for both physical and demat segment. The Company has authorised Mr. Mark Saldanha, Managing Director, Mr. Jitendra Sharma, Chief Financial Officer and Mr. Harshavardhan Panigrahi, Company Secretary of the Company to approve share transfer/transmission lodged with respect to physical shares, dematerialization/rematerialisation of shares, issue of duplicate share certificate on surrender of defaced/damaged/mutilated share certificate or issue of duplicate share certificate in lieu of lost/misplaced share certificate. The shares lodged for transfer/transmission/issue of duplicate certificate in physical mode are attended to and share certificate returned/issued in 15 days from the date of receipt, so long as the documents are complete in all respects. As on 31.03.2016, no cases of the above nature were pending.

Disclosures

a) The Company has been selling goods to its subsidiaries, Bell, Sons & Co (Druggists) Limited, Relonchem Limited, Time-Cap Laboratories Inc. and Nova Pharmaceuticals Australasia Pty Ltd from time to time. These subsidiaries are considered as related parties. All the transactions with these subsidiaries are in the ordinary course of business on arm's length basis and are repetitive in nature. The Audit Committee has granted an omnibus (ad hoc) approval to such types of transactions for smooth operations and in the interest of the Company and in accordance with the Company's Policy on Related Party Transactions. The Company is paying rent to Mr. Mark Saldanha, Managing Director for taking his house on leave and license basis which is being used to provide residential accomodation to senior executives of the Company. These transactions are entered in the Register of Contracts and placed before the Board of Directors from time to time on a regular basis. The details of these related party transactions are also placed before the Audit Committee for information. Details of related party transactions during the year ended 31st March, 2016 has been set out under Note No. 2.31 of the Notes annexed to the Financial Statements for the year ended 31st March, 2016. As such, there is no materially significant related party transactions that may have potential conflict with the interests of the Company.

b) There was no non-compliance during the last three years by the Company on any matter related to the capital market. Consequently, there were neither any penalties imposed nor strictures passed on the Company by Stock Exchanges, SEBI or any statutory authority.

c) The Company has in place a Whistle Blower Policy to deal with instances of fraud and mismanagement, if any. Under the policy, an effective vigil mechanism for directors and employees has been established to report their genuine concerns, actual or suspected fraud or violation of the Company's codes of conduct. Details of the Whistle Blower Policy are available on the Company's website www.marksanspharma.com. The said vigil mechanism also provides for adequate safeguard against victimisation of the person who uses such mechanism and direct access to the chairperson of the Audit Committee. During the financial year 2015-16, there was no instance of any unethical behavior, actual or suspicious fraud or violation of the Company's operational policies and codes of conduct and no employee of the Company was denied access to the Audit Committee.

d) Policy on dealing with Related Party Transactions is available in the Company's website www.marksanspharma.com.

e) The Company is not into any commodity trading activities.

f) The Company is fully compliant with the corporate governance requirements specified in Companies Act, 2013 and in Schedule V of SEBI (LODR) Regulations, 2015 to the extent applicable.

g) Disclosure regarding adoption of discretionary requirements as specified in Part E of Schedule II of SEBI (LODR) Regulations, 2015:

   i. The Company has an executive chairperson.

   ii. Half-yearly declaration of financial performance including summary of the significant events in last six-months are presently not being sent to the shareholders.

   iii. Every endeavor is made to make the financial statements without modified audit opinion.

   iv. At present, the post of chairperson and chief executive officer or managing director is one.

   v. The internal auditors' reports are placed before the Audit Committee from time to time.

Disclosure of compliance with corporate governance requirements specified in Regulation 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Regulation No.	Particulars	Compliance Status
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	Subsidiary company	Not Applicable. The Company has only foreign subsidiaries.
25	Independent Directors	Yes
26	Directors and Senior Management	Yes
27	Other Corporate Governance Requirements	Yes
46(2)(b) to (i)	Website	Yes (except (h) which is not applicable to the Company since the Company has only foreign subsidiaries)

Directors Remuneration

The non-executive directors are not paid any remuneration. Mr. Naresh B. Wadhwa, the non-executive independent director is paid sitting fee of ₹25,000/- per day for all the Board and Committee meetings actually attended by him. The executive directors are paid remuneration under the applicable provisions of the Companies Act, 2013 with approval of the shareholders in the General Meeting. Details of the remuneration paid to the executive directors of the Company during the year ended 31st March, 2016 are given here below.

(Amount in ₹)

Particulars	Mr. Mark Saldanha	Mrs. Sandra Saldanha	Dr. Balwant Shankarrao Desai (upto 21.03.2016)	Dr. Vinay Gopal Nayak (w.e.f. 21.03.2016)
Basic	5139226	1080000	2365000	319355
Allowances	776756	5949564	3978828	266894
Perquisites	843584	-	-	-
Total	**6759566**	**7029564**	**6343828**	**586249**

Management Discussion & Analysis Report

The Annual Report has a separate and detailed chapter on Management Discussion & Analysis covering industry structure and development, financial and operational performance of the Company, risks, concerns, opportunities, threats and outlook forming part of this Report.

Means of Communication

Quarterly, Half-yearly, and Annual results of the Company are published in one English and one Marathi newspaper. These are also submitted to the stock exchanges in accordance with the listing requirements and are available on the website of BSE (www.bseindia.com) & NSE (www.nseindia.com) and also on the Company's website (www.marksanspharma.com).

The Company has not made any presentation to institutional investors or analysts.

General Body Meetings

Annual General Meetings	Date	Time	Venue	No. of Special Resolutions
Twenty Third	29.09.2015	10.30 A.M.	GMS Community Centre Hall, Sitladevi Complex, 1st Floor, D.N. Nagar, Link Road, Andheri (W), Mumbai - 400053	2*
Twenty Second	25.09.2014	10.30 A.M.	GMS Community Centre Hall, Sitladevi Complex, 1st Floor, D.N. Nagar, Link Road, Andheri (W), Mumbai - 400053	5**
Twenty First	26.09.2013	10.30 A.M.	GMS Community Centre Hall, Sitladevi Complex, 1st Floor, D.N. Nagar, Link Road, Andheri (W), Mumbai - 400053	Nil

* Two (2) Special Resolutions were passed in the 23rd AGM held on 29th September, 2015:-

1. Re-appointment of Mr. Mark Saldanha (DIN: 00021023) as Managing Director of the Company.
2. Approval and adoption of new set of Articles of Association of the Company.

** Five (5) Special Resolutions were passed in the 22nd AGM held on 25th September, 2014:-

1. Revision in remuneration of Dr. Balwant S. Desai (DIN: 03631170), Whole-time Director to ₹60,00,000.00 per annum with effect from 1st April, 2014.

2. Appointment of Mrs. Sandra Saldanha (DIN: 00021023) as a Whole-time Director of the Company with effect from 25th September, 2014 at a remuneration of ₹72,17,928.00 per annum.
3. Approval of borrowing powers of the Board of Directors in excess of the aggregate of the paid–up share capital and free reserves of the Company subject to a maximum limit of ₹1,000 Crores over and above the aggregate of the paid-up share capital and free reserves.
4. Approval of power of the Board of Directors to create charges on the movable and immovable properties, both present and future of the Company in favour of the Banks to secure credit facilities availed from them.
5. Raising of capital by way of issue of securities in one or more tranches for an amount not exceeding USD 125 Million.

Postal ballot

As of date, there is no proposal to pass any resolution by postal ballot. However, the Company is providing facility to its members to exercise their votes at the forthcoming Annual General Meeting through e-voting.

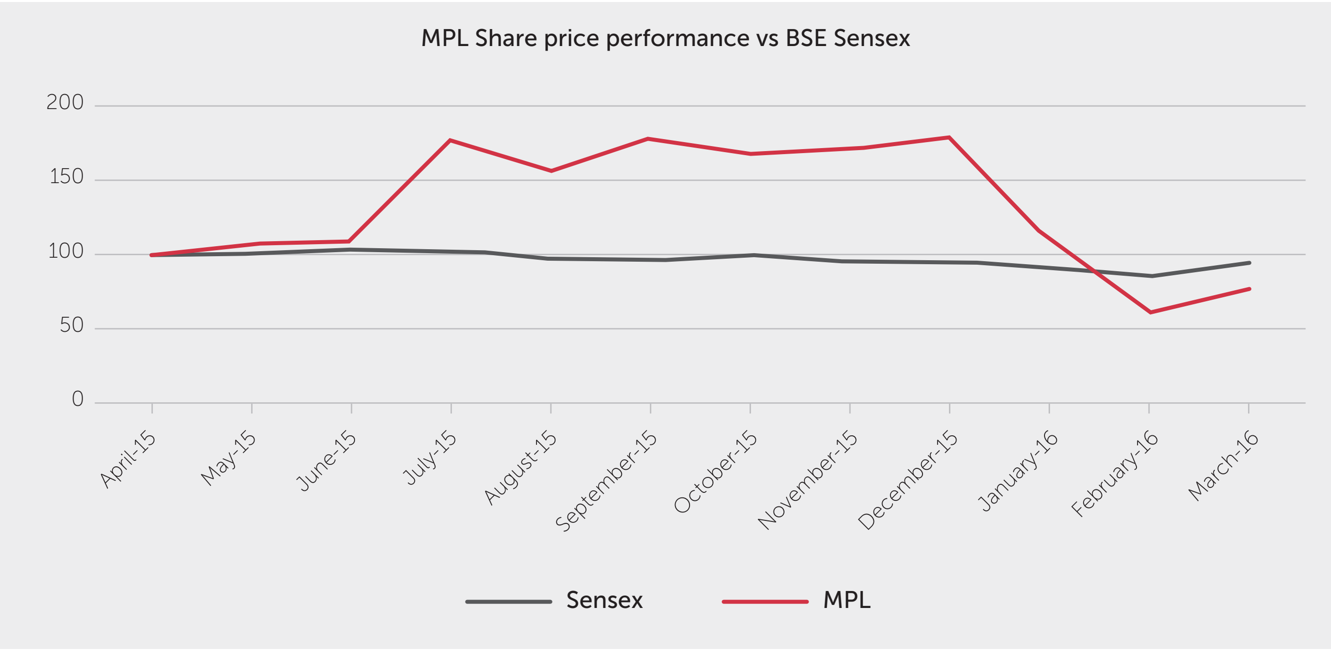
General Shareholder Information

AGM	Twenty Fourth Annual General Meeting.
Day & Date	Thursday, 29th September, 2016
Financial Year	2015-2016
Time	10:30 AM
Venue	GMS Community Centre Hall, Sitladevi Complex, 1st Floor, D.N. Nagar, Link Road, Andheri (W), Mumbai 400 053
Financial calendar	Financial Year - April to March First Quarter Results – 2nd week of August Second Quarter Results – 2nd week of November Third Quarter Results – 2nd week of February Last Quarter Results – 4th week of May
Date of Book Closure	From Saturday, 24th September, 2016, till Thursday, 29th September, 2016 (both days inclusive).
Dividend payment date	On or after 3rd October, 2016.
Listing on Stock Exchanges	BSE Limited The National Stock Exchange of India Limited (NSE) The annual listing fees for the year 2016-2017 have been paid to both the Stock Exchanges.
Stock Code	BSE : 524404 NSE : MARKSANS
ISIN	INE750C01026

Market price data on BSE during the period April 2015 to March 2016

Month	Open (₹)	High (₹)	Low (₹)	Close (₹)
April 2015	61.60	75.00	53.40	57.80
May 2015	58.40	63.75	53.95	61.80
June 2015	62.50	65.40	56.05	63.70
July 2015	64.10	107.15	63.80	103.85
August 2015	104.00	115.00	77.60	90.60
September 2015	89.95	109.20	74.35	103.70
October 2015	104.70	111.15	96.15	97.55
November 2015	98.40	103.60	89.05	100.20
December 2015	101.40	113.80	92.65	104.90
January 2016	104.85	107.00	55.10	64.20
February 2016	65.00	68.85	34.95	34.95
March 2016	34.25	56.20	33.45	46.20

Marksans Pharma Ltd ("MPL") share price performance versus BSE Sensex during April 2015- March 2016.



Shareholding Pattern as on 31.03.2016

Category	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Individual	94294	97.39	323701712	79.08
Bodies Corporate	862	0.89	21822044	5.33
NRIs	1341	1.38	4160358	1.02
FIIs	53	0.05	53036375	12.96
Foreign Companies	17	0.02	4015847	0.98
Trust	1	-	2000	-
Bank, Financial Institution & Insurance Companies	4	-	406631	0.10
Clearing Members	261	0.27	2168731	0.53
Total	**96833**	**100**	**409313698**	**100**
Promoters	2	0.01	197491733	48.25
Non-Promoters	96831	99.99	211821965	51.75
Total	**96833**	**100**	**409313698**	**100**

Distribution of Shareholding as on 31.03.2016

Category	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Upto 5000	93502	96.56	49834804	12.17
5001 – 10000	1676	1.73	12661545	3.09
10001 – 20000	817	0.84	11740881	2.87
20001 – 30000	243	0.25	6160834	1.51
30001 – 40000	132	0.14	4669796	1.14
40001 – 50000	87	0.09	4050426	0.99
50001 – 100000	175	0.18	13007034	3.18
Above 100000	201	0.21	307188378	75.05
Total	**96833**	**100**	**409313698**	**100**

Registrar and Transfer Agent	Bigshare Services Pvt. Ltd. E-2/3, Ansa Industrial Estate Saki Vihar Road, Saki Naka, Andheri (East), Mumbai 400 072. Ph. No. 022-2847 0652 / 4043 0200 Fax No. 022-2847 5207 E-mail: investor@bigshareonline.com; Website: www.bigshareonline.com Company's RTA has launched Gen-Next Investor Interface Module "iBoss" the most advanced tool to interact with investors. Shareholders are requested to login into "iBoss" and help them to serve you better.
Dematerialization of the Shares and Liquidity	Based on SEBI directives, Company's shares are traded in dematerialized form. As on 31.03.2016, 99.53% of the paid up share capital of the Company was in dematerialized form.
Outstanding GDR/ADR/ Warrants or any convertible instruments, conversion dates and likely impact on equity	As on the date of this report, 61 FCCBs (out of total 50,000 FCCBs issued) of USD 1000 each in principal value are outstanding as the respective bond holders are untraceable. These FCCBs carry rights to convert into equity shares until they are redeemed or re-purchased. In case all these FCCBs are offered for conversion, 81,314 equity shares would be issued.
Plant Locations	**India Formulation Plant** Marksans Pharma Limited, L-82 & 83 Verna Industrial Estate, Verna, Goa- 403 722 **U.K. Plant** Bell, Sons & Co (Druggists) Ltd., Slaidburn Crescent, Southport, PR9 9AL **U.S.A. Plant** Time-Cap Laboratories Inc., 7, Michael Avenue, Farmingdale, New York- 11735, USA
Address for Correspondence	Mr. Harshavardhan Panigrahi Company Secretary & Compliance Officer **Marksans Pharma Limited** 11th Floor, Grandeur, Veera Desai Extension Road, Oshiwara, Andheri (W), Mumbai 400 053. Tel. No. : 022- 40012000 Fax No. 022- 40012011 Email: companysecretary@marksanspharma.com

Brief Resume of the Person Proposed to be Appointed/Re-Appointed as Director/Whole-time Director of the Company at the Annual General Meeting.

No.1

Name	Dr. Vinay Gopal Nayak (DIN: 02577389)
Age	59 Years
Qualification	M.Sc and Ph.D in Chemistry
Experience	Has over 30 years of experience in the areas of manufacturing, quality, R&D, compliance and regulatory affairs both for API and finished dosage form manufacturing.
Name of other public companies in which also holds directorship	Nil
Name of other public companies in the committee of which also holds membership / chairmanship	Nil
No. of shares held in the Company as on 31.03.2016.	Nil
Relationship with other Directors / Key Managerial Personnel	None

No.2

Name	Mrs. Sandra Saldanha (DIN: 00021023)
Age	44 Years
Qualification	Master of Arts (Sociology)
Experience	Human Resource Management, Business Development, Projects and Supply Chain Management.
Name of other public companies in which also holds directorship	Marksans Pharma (UK) Limited
Name of other public companies in the committee of which also holds membership / chairmanship	Nil
No. of shares held in the Company as on 31.03.2016.	180
Relationship with other Directors / Key Managerial Personnel	Relative of Mr. Mark Saldanha

Auditor’s Certificate on Corporate Governance

To,
The Members,
Marksans Pharma Ltd.

We have examined the compliance of conditions of Corporate Governance by MARKSANS PHARMA LTD. for the year ended 31st March, 2016 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges in India and/ or SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as ‘Listing Regulations’) as may have been applicable.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance of conditions of 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 information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement and/or Listing Regulations as may have been applicable.

We state that as per the records maintained by the Company, there were no investor grievances remaining unattended / pending for a period exceeding one month.

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 N. K. Mittal & Associates
Chartered Accountants

N.K. Mittal
Proprietor
Membership No. 046785
F. No. 113281W

Place: Mumbai
Date: 13th August, 2016

CEO / CFO Certification

To,
The Board of Directors
Marksans Pharma Ltd.

This is to certify with reference to the Annual Accounts of the Company for the year ended 31st March, 2016 that:-

a. We have reviewed financial statements and the cash flow statement for the year ended on 31st March, 2016 and that to the best of our knowledge and belief:
   i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   ii. 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. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which 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 that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. We have not come across any reportable deficiencies in the design or operation of such internal controls.

d. We have indicated to the Auditors and the Audit committee:
   i. that there is no significant changes in internal control over financial reporting during the year;
   ii. that there are no significant changes in accounting policies during the year; and
   iii. that there is no instances of any fraud which we have become aware.

For Marksans Pharma Limited

Mark Saldanha
Managing Director

Jitendra Sharma
Chief Financial Officer

Place: Mumbai
Date: 30th May, 2016

Declaration on Compliance of the Company's Code of Conduct

This is to confirm that during the year ended 31st March, 2016, all the members of the Board and Senior Management Personnel of the Company have affirmed due observance of the Code of Conduct, framed pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in so far as it is applicable to them.

For **Marksans Pharma Limited**

Place: Mumbai
Date: 30th May, 2016

Mark Saldanha
Managing Director

Annexure D

Annexure to the Report of the Board of Directors

Form No. MGT 9

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

Extract of Annual Return

As on the financial year ended on 31/03/2016

I. Registration & Other Details:

i	CIN	L24110MH1992PLC066364
ii	Registration Date	16-04-1992
iii	Name of the Company	MARKSANS PHARMA LIMITED
iv	Category of the Company	Public Company
v	Address of the Registered office & contact details	
	Address	11th Floor, Grandeur, Veera Desai Extension Road, Oshiwara, Andheri-West
	Town / City	Mumbai
	State	Maharashtra - 400053
	Country Name	India
	Telephone (with STD Code)	022-40012000
	Fax Number	022-40012011
	Email Address	info@marksanspharma.com
	Website, if any	www.marksanspharma.com
vi	Whether listed company	Yes
vii	Name and Address of Registrar & Transfer Agents (RTA):	
	Name of RTA	Bigshare Services Private Limited
	Address	E-2/3, Ansa Industrial Estate, Saki-Vihar Road, Saki Naka
	Town / City	Andheri-East, Mumbai
	State	Maharashtra
	Pin Code	400072
	Telephone	022-4043 0200/ 022-2847 0652
	Fax Number	022-2847 5207
	Email Address	investor@bigshareonline.com

II. Principal Business Activity 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	Formulation of pharmaceutical products	210	100.00

III. Particulars of holding, Subsidiary and Associate Companies

No. of Companies for which information is being filled: 3

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Marksans Pharma (UK) Ltd. Cheshire House, Gorsay Lane, Widnes, WA8 ORP	NA	Subsidiary	100	2(87)
2	Marksans Pharma Inc. 991 Route, 22 West, Suite 200, Bridgewater, New Jersey, USA	NA	Subsidiary	100	2(87)
3	Nova Pharmaceuticals Australasia Pty Ltd. Suite 305, 10 Norbik Drive, Bella Vista NSW 2153. Australia	NA	Subsidiary	60	2(87)

IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	197491733	0	197491733	48.25	197491733	0	197491733	48.25	0.00
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any other	0	0	0	0.00	0	0	0	0.00	0.00
(2) Foreign									
a) NRI - Individual/	0	0	0	0.00	0	0	0	0.00	0.00
b) Other - Individual/	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Others	0	0	0	0.00	0	0	0	0.00	0.00
Total shareholding of Promoter (A)	**197491733**	**0**	**197491733**	**48.25**	**197491733**	**0**	**197491733**	**48.25**	**0.00**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	1378812	1097494	2476306	0.60	103040	0	103040	0.03	-0.58
b) Banks / FI	269710	2000	271710	0.07	404631	2000	406631	0.10	0.03
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	1493626	1493626	0.36	0	0	0	0.00	-0.36
g) FIIs	33575910	21415374	54991284	13.43	53036375	0	53036375	12.96	-0.48
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(1):-	**35224432**	**24008494**	**59232926**	**14.47**	**53544046**	**2000**	**53546046**	**13.08**	**-1.39**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	21544280	3000	21547280	5.26	21716004	3000	21719004	5.31	0.05
ii) Overseas	320000	0	320000	0.08	4015847	0	4015847	0.98	0.90
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	77483751	973540	78457291	19.17	89844374	921940	90766314	22.18	3.01
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	42632232	979000	43611232	10.65	32765093	979000	33744093	8.24	-2.41
c) Others (specify)									
i. Clearing Member	2566954	0	2566954	0.63	2168731	0	2168731	0.53	-0.10
ii. NRI	4384710	0	4384710	1.07	4160358	0	4160358	1.02	-0.05
iii. Directors & Relatives	1694572	0	1694572	0.41	1699572	0	1699572	0.42	0.01
iv. Trust	7000	0	7000	0.00	2000	0	2000	0.00	0.00
Sub-total (B)(2):-	**150633499**	**1955540**	**152589039**	**37.28**	**156371979**	**1903940**	**158275919**	**38.68**	**1.40**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**185857931**	**25964034**	**211821965**	**51.75**	**209916025**	**1905940**	**211821965**	**51.75**	**0.00**
C. Shares held by Custodian for GDRs & ADRs	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
Grand Total (A+B+C)	**383349664**	**25964034**	**409313698**	**100.00**	**407407758**	**1905940**	**409313698**	**100.00**	**0.00**

ii. Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Mark Saldanha	197491553	48.25	0%	197491553	48.25	0%	0.00
2	Sandra Saldanha	180	0%	0%	180	0%	0%	0%
	Total	**197491733**	**48.25**	**0%**	**197491733**	**48.25**	**0%**	**0.00**

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

Sl. No. I - Mr. Mark Saldanha		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		197491553	48.25	197491553	48.25
Changes During the Year					
Increase					
Date	**Reason for Increase**				
0	Allotment	0	0%	0	0%
0	Bonus	0	0%	0	0%
0	Sweat	0	0%	0	0%
0	Other	0	0%	0	0%
Decrease					
Date	**Reason for Decrease**				
0	Transfer	0	0%	0	0%
0	Other	0	0%	0	0%
At the End of the year		197491553	48.25	197491553	48.25

Sl. No. II - Mrs. Sandra Saldanha		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		180	0%	180	0%
Changes During the Year					
Increase					
Date	**Reason for Increase**				
0	Allotment	0	0%	0	0%
0	Bonus	0	0%	0	0%
0	Sweat	0	0%	0	0%
0	Other	0	0%	0	0%
Decrease					
Date	**Reason for Decrease**				
0	Transfer	0	0%	0	0%
0	Other	0	0%	0	0%
At the End of the year		180	0%	180	0%

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

v. Shareholding of Directors and Key Managerial Personnel:

Sl. No. 1 - Mr. Mark Saldanha		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		197491553	48.25	197491553	48.25
Changes During the Year					
Increase					
Date	**Reason for Increase**				
0	Allotment	0	0%	0	0%
0	Bonus	0	0%	0	0%
0	Sweat	0	0%	0	0%
0	Other	0	0%	0	0%
Decrease					
Date	**Reason for Decrease**				
0	Transfer	0	0%	0	0%
0	Other	0	0%	0	0%
At the End of the year		197491553	48.25	197491553	48.25

Sl. No. 2 - Mrs. Sandra Saldanha		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		180	0%	180	0%
Changes During the Year					
Increase					
Date	**Reason for Increase**				
0	Allotment	0	0%	0	0%
0	Bonus	0	0%	0	0%
0	Sweat	0	0%	0	0%
0	Other	0	0%	0	0%
Decrease					
Date	**Reason for Decrease**				
0	Transfer	0	0%	0	0%
0	Other	0	0%	0	0%
At the End of the year		180	0%	180	0%

Sl. No. 3 - Mr. Naresh Wadhwa		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		749883	0.18	749883	0.18
Changes During the Year					
Increase					
Date	**Reason for Increase**				
0	Allotment	0	0%	0	0%
0	Bonus	0	0%	0	0%
0	Sweat	0	0%	0	0%
0	Other	25000	0.00	774883	0.18
Decrease					
Date	**Reason for Decrease**				
0	Transfer	0	0%	0	0%
0	Other	0	0%	0	0%
At the End of the year		774883	0.19	774883	0.19

V. Indebtedness

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

Indebtedness at the beginning of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtness
i) Principal Amount	498170168	334218095	10000	832398263
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	1084874	0	0	1084874
Total (i+ii+iii)	**499255042**	**334218095**	**10000**	**833483137**

Change in Indebtedness during the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtness
* Addition	0	0	0	0
* Reduction	93051412	328356640	0	421408052
Net Change	**-93051412**	**-328356640**	**0**	**-421408052**

Indebtedness at the end of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtness
i) Principal Amount	406203630	5861455	10000	412075085
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	**406203630**	**5861455**	**10000**	**412075085**

VI. Remuneration of Directors and Key Managerial Personnel

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

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		Mr. Mark Saldanha	Dr. Balwant Desai (Upto 21.03.2016)	Mrs. Sandra Saldanha	Dr. Vinay Gopal Nayak (W.e.f. 21.03.2016)	
1	Gross salary	6759566	6343828	7029564	586249	20719207
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	6759566	6343828	7029564	586249	20719207
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0		0	0
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0	0		0	0
2	Stock Option	0	0		0	0
3	Sweat Equity	0	0		0	0
4	Commission					
	- as % of profit	0	0		0	0
	- others, specify	0	0		0	0
5	Others, please specify	0	0		0	0
	Total (A)	**6759566**	**6343828**	**7029564**	**586249**	**20719207**
	Ceiling as per the Act	Total remuneration to all managerial personnel not to exceed 10% of Net Profit.				

B. Remuneration to other directors:

Sr. No.	Particulars of Remuneration	Name of Other Directors	Total Amount
		Mr. Naresh Wadhwa	
1	**Independent Directors**		
	Fee for attending board committee meetings	75000	75000
	Commission	0	0
	Others, please specify	0	0
	Total (1)	**75000**	**75000**
2	**Other Non-Executive Directors**		
	Fee for attending board committee meetings	0	0
	Commission	0	0
	Others, please specify	0	0
	Total (2)	**0**	**0**
	Total (B)=(1+2)	**75000**	**75000**
	Overall Ceiling as per the Act	Sitting fees of ₹1 Lakh per meeting	
	Total Managerial Remuneration (A+B)		**20794207**

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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Chief Financial Officer	Company Secretary	Total
1	Gross salary	7063684	1487916	8551600
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	7063684	1487916	8551600
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission			
	- as % of profit	0	0	0
	- others, specify...	0	0	0
5	Others, please specify	0	0	0
	Total	**7063684**	**1487916**	**8551600**

VII. Penalties / Punishment/ Compounding of Offences:

There were no Penalties, Punishment or Compounding of offences during the year ended March 31, 2016.

(Annexure - D-I)

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

Sr. No.	Name of the Shareholders	Shareholdings		Date wise Increase/ Decrease in Shareholdings during the year	No. of Shares	% of total shares of the co.	Reason	Cummulative Shareholding during the year	
		No. of Shares at the beginning of the year (01.04.15)	% of total shares of the co.					No. of Shares	% of total shares of the Co.
1	California Public Employees' Retirement System, Managed by Wasatch Advisors, Inc.	1101768	0.27	10.04.2015	2886822	0.71	Purchased	3988590	0.97
				24.04.2015	-476900	-0.12	Sold	3511690	0.86
				22.05.2015	-148531	-0.04	Sold	3363159	0.82
				29.05.2015	-265069	-0.06	Sold	3098090	0.76
				10.07.2015	452700	0.11	Purchased	3550790	0.87
				31.07.2015	200313	0.05	Purchased	3751103	0.92
				07.08.2015	472519	0.12	Purchased	4223622	1.03
				14.08.2015	1002944	0.25	Purchased	5226566	1.28
				25.03.2015	247795	0.06	Purchased	5474361	1.34
				31.03.2015				5474361	1.34
2	UNO Metals Ltd.	2900000	0.71	03.04.2015	-140000	-0.03	Sold	2760000	0.67
				10.04.2015	-1120000	-0.27	Sold	1640000	0.40
				17.04.2015	-1225000	-0.30	Sold	415000	0.10
				01.05.2015	-136550	-0.03	Sold	278450	0.07
				22.05.2015	-13450	0.00	Sold	265000	0.06
				05.06.2015	-265000	-0.06	Sold	0	0.00
				31.03.2016				0	
3	Public Employees Retirement Association of Colorado	2145715	0.52	10.04.2015	518562	0.13	Purchased	2664277	0.65
				24.04.2015	-337700	-0.08	Sold	2326577	0.57
				22.05.2015	-73576	-0.02	Sold	2253001	0.55
				29.05.2015	-94024	-0.02	Sold	2158977	0.53
				10.07.2015	182560	0.04	Purchased	2341537	0.57
				31.07.2015	23282	0.01	Purchased	2364819	0.58
				07.08.2015	226272	0.06	Purchased	2591091	0.63
				14.08.2015	137981	0.03	Purchased	2729072	0.67
				12.02.2016	-140080	-0.03	Sold	2588992	0.63
				31.03.2016				2588992	0.63
4	Mondrian Emerging Markets Small Cap Equity Fund,L.P.	366538	0.09	10.04.2015	8145185	1.99	Purchased	8511723	2.08
				15.05.2015	560363	0.14	Purchased	9072086	2.22
				29.05.2015	210578	0.05	Purchased	9282664	2.27
				05.06.2015	358959	0.09	Purchased	9641623	2.36
				24.07.2015	-766000	-0.19	Sold	8875623	2.17

Sr. No.	Name of the Shareholders	Shareholdings		Date wise Increase/ Decrease in Shareholdings during the year	No. of Shares	% of total shares of the co.	Reason	Cummulative Shareholding during the year	
		No. of Shares at the beginning of the year (01.04.15)	% of total shares of the co.					No. of Shares	% of total shares of the Co.
				07.08.2015	-599201	-0.15	Sold	8276422	2.02
				11.09.2015	-157842	-0.04	Sold	8118580	1.98
				29.09.2015	-757909	-0.19	Sold	7360671	1.8
				04.03.2016	2500	0	Purchased	7363171	1.8
				31.03.2015				7363171	1.8
5	Wasatch Small Cap Value Fund	2027000	0.5	10.04.2015	1455538	0.36	Purchased	3482538	0.5
				10.07.2015	225265	0.06	Purchased	3707803	0.85
				09.10.2015	-194100	-0.05	Sold	3513703	0.86
				11.12.2015	-504300	-0.12	Sold	3009403	0.74
				31.12.2015	-47597	-0.01	Sold	2961806	0.72
				22.01.2016	305000	0.07	Purchased	3266806	0.8
				31.03.2015				3266806	0.8
6	Wasatch Emerging Markets Small Cap Fund	10125412	2.47	10.04.2015	1384810	0.34	Purchased	11510222	2.81
				24.04.2015	-1383200	-0.34	Sold	10127022	2.47
				08.05.2015	-374135	-0.09	Sold	9752887	2.38
				22.05.2015	-296498	-0.07	Sold	94556389	2.31
				29.05.2015	-378902	-0.09	Sold	9077487	2.22
				10.07.2015	805420	0.2	Purchased	9882907	2.41
				31.07.2015	74953	0.02	Purchased	9957860	2.43
				07.08.2015	728437	0.18	Purchased	10686297	2.61
				14.08.2015	444204	0.11	Purchased	11130501	2.72
				21.08.2015	-761370	-0.19	Sold	10369131	2.53
				28.08.2015	-128730	-0.03	Sold	10240401	2.5
				30.09.2015	-333799	-0.08	Purchased	9906602	2.42
				13.11.2015	-182000	-0.04	Sold	9724602	2.38
				18.12.2015	-478000	-0.12	Sold	9246602	2.36
				31.12.2015	-321000	-0.08	Sold	8925602	2.18
				08.01.2016	-127000	-0.03	Sold	8798402	2.15
				15.01.2016	-193000	-0.05	Sold	8605402	2.1
				05.02.2016	-393431	-0.1	Sold	8211971	2.01
				12.02.2016	-53123	-0.01	Sold	8158848	1.99
				18.03.2016	-207475	-0.05	Sold	7951373	1.94
				31.03.2016				7951373	1.94

Sr. No.	Name of the Shareholders	Shareholdings		Date wise Increase/ Decrease in Shareholdings during the year	No. of Shares	% of total shares of the co.	Reason	Cummulative Shareholding during the year	
		No. of Shares at the beginning of the year (01.04.15)	% of total shares of the co.					No. of Shares	% of total shares of the Co.
7	Wasatch Global Opportunities Fund	2777024	0.68	10.04.2015	120334	0.03	Purchased	2897358	0.71
				24.04.2015	-487000	-0.12	Sold	2410358	0.59
				05.06.2015	-179251	-0.04	Sold	2231107	0.55
				24.07.2015	-204000	-0.05	Sold	2027107	0.5
				14.08.2015	-87500	-0.02	Sold	1939607	0.47
				23.09.2015	-234000	-0.06	Sold	1705607	0.42
				09.10.2015	-102525	-0.03	Sold	1603082	0.39
				16.10.2015	-206350	-0.05	Sold	1396732	0.34
				08.01.2016	-76600	-0.02	Sold	1320132	0.32
				31.03.2015				1320132	0.32
8	MV SCIF Mauritius	2575752	0.63	12.06.2015	-149989	-0.04	Sold	2425763	0.59
				26.06.2015	-165912	-0.04	Sold	2259851	0.55
				30.06.2015	-40670	-0.01	Sold	2219181	0.54
				03.07.2015	-55834	-0.01	Sold	2163347	0.53
				10.07.2015	-40688	-0.01	Sold	2122659	0.52
				31.07.2015	-61116	-0.01	Sold	2061543	0.5
				07.08.2015	-13806	0	Sold	2047737	0.5
				14.08.2015	-142709	-0.03	Sold	1905028	0.47
				21.08.2015	-201386	0	Sold	1884642	0.46
				28.08.2015	-81560	-0.02	Sold	1803082	0.44
				18.09.2015	20308	0	Purchased	1823390	0.45
				23.09.2015	80480	0.02	Purchased	1903870	0.47
				30.09.2015	63960	0.02	Purchased	1967830	0.48
				09.10.2015	21316	0.01	Purchased	1989146	0.49
				30.10.2015	42622	0.01	Purchased	2031768	0.5
				20.11.2015	-42599	-0.01	Sold	1989169	0.49
				04.12.2015	-85194	-0.02	Sold	1903975	0.47
				11.12.2015	-212555	-0.05	Sold	1691420	0.41
				25.12.2015	45872	0.01	Purchased	1737292	0.42
				31.12.2015	-21885	-0.01	Sold	1715407	0.42
				05.02.2016	19467	0	Purchased	1734874	0.42
				25.03.2016	-52485	-0.01	Sold	1682389	0.41
				31.03.2015				1682389	0.41

Sr. No.	Name of the Shareholders	Shareholdings		Date wise Increase/ Decrease in Shareholdings during the year	No. of Shares	% of total shares of the co.	Reason	Cummulative Shareholding during the year	
		No. of Shares at the beginning of the year (01.04.15)	% of total shares of the co.					No. of Shares	% of total shares of the Co.
9	Ontario Pension Board - Mondrian Investment Partners Limited	177490	0.04	10.04.2015	3944158	0.96	Purchased	4121648	1.01
				15.05.2015	193767	0.05	Purchased	4315415	1.05
				05.06.2015	328831	0.08	Purchased	4644246	1.13
				24.07.2015	-339056	-0.08	Sold	4305190	1.05
				07.08.2015	-320969	-0.08	Sold	3984221	0.97
				11.09.2015	-76116	-0.02	Sold	3908105	0.95
				29.09.2015	-365486	-0.09	Sold	3542619	0.87
				31.03.2015				3542619	0.87
10	Wasatch Emerging Markets Small Cap CIT	4900000	1.2	10.04.2015	615810	0.15	Purchased	3479931	0.85
				24.04.2015	-409800	-0.1	Sold	3070131	0.75
				22.05.2015	-86351	-0.02	Sold	2983780	0.73
				29.05.2015	-110349	-0.03	Sold	2873431	0.7
				10.07.2015	216279	0.05	Purchased	3089710	0.75
				31.07.2015	27583	0.01	Purchased	3117293	0.76
				07.08.2015	268063	0.07	Purchased	3385356	0.83
				14.08.2015	163463	0.04	Purchased	3548819	0.87
				26.02.2016	-576000	-0.14	Sold	2972819	0.73
				04.03.2016	-420118	0.1	Sold	2552701	0.62
				31.03.2015				2552701	0.62

Annexure E

Annexure to the Report of the Board of Directors

The ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of 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. Ratio of remuneration of each Director to the median remuneration of employees
   a. Mr. Mark Saldanha, Managing Director: 73.32
   b. Mrs. Sandra Saldanha, Whole-time Director: 76.26
   c. Dr. Vinay Gopal Nayak, Whole-time Director: 6.36
   d. Dr. Balwant Shankarrao Desai, Whole-time Director: 68.82
2. Percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary in the financial year ended 31st March, 2016
   a. Mr. Mark Saldanha, Managing Director: 255
   b. Mrs. Sandra Saldanha, Whole-time Director: 94
   c. Dr. Vinay Gopal Nayak, Whole-time Director: 0
   d. Dr. Balwant Shankarrao Desai, Whole-time Director: (14)
   e. Mr. Jitendra Sharma, Chief Financial Officer: (8)
   f. Mr. Harshavardhan Panigrahi, Company Secretary: 18

   (Note: Dr. Vinay Gopal Nayak was appointed with effect from 21.03.2016. & Dr. Balwant Shankarrao Desai resigned with effect from 21.03.2016)
3. Percentage increase in the median remuneration of employees in the financial year ended 31st March, 2016 in comparison to the financial year ended 31st March, 2015: 5.64%.
4. Number of permanent employees as on 31st March, 2016: 574
5. Explanation on relationship between average increase in remuneration and company performance: Increase in remuneration is based on individual performance.
6. Comparison of the remuneration of KMP against the Company performance: Remuneration is based on individual performance.
7. Variation in the market capitalization: Decreased by (25.06)% (₹252341.90 Lakh as on 31.03.2015 and ₹189102.93 Lakh as on 31.03.2016)
8. Variation in the Price Earning Ratio: Decreased by (8.84) (57.80/1.64 as on 31.03.2015 and 46.20/1.75 as on 31.03.2016)
9. Variation in Net Worth: Increase by 18.01% (₹35817.78 Lakh as on 31.03.2015 and ₹42269.85 Lakh as on 31.03.2016)
10. Key parameters for any variable component of remuneration availed by the Directors: Not Applicable
11. Ratio of remuneration of the highest paid Director to that of employees not being a Director and receiving remuneration in excess of the highest paid Director: Not Applicable
12. The remuneration of all the Directors, Key Managerial Personnel and other employees are as per the remuneration policy of the Company.

Annexure F

Annexure to the Report of the Board of Directors

Statement of particulars of employees pursuant to provisions of Section 197(12) of The Companies Act 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment And Remuneration of Managerial Personnel) Rules, 2014

1	Name of Employee	Mr. Mark Saldanha	Mrs. Sandra Saldanha	Dr. Balwant Shankarrao Desai	Mr. Jitendra Sharma	Mr. J. N. Desai
2.	Age	43 Years	44 Years	50 Years	47 Years	58 Years
3.	Qualification	Science Graduate	MA (Sociology)	B.Sc. in Chemistry, M.Sc. and Ph.D. in Analytical Chemistry	B.Com, CA and CWA	B.E. – MECH
4.	Experience	20 Years	20 Years	26 Years	20 Years	32 Years
5.	Designation	Managing Director	Whole-time Director	Whole-time Director	Chief Financial Officer	VP – E & P
6.	Date of Commencement of Employment	06th October, 2005	25th September, 2014	29th September, 2011	06th September, 2002	20th December, 2011
7.	Gross Remuneration	₹67,59,566/-	₹70,29,564/-	₹63,43,828/-	₹70,63,684/-	₹29,15,462/-
8.	Previous Employment	-	-	Alembic Limited, Serum Institute of India Limited, Ipca Laboratories Limited, Lupin Laboratories Limited, Merind Limited, US Vitamins Limited	-	Cadila Pharmaceuticals Limited
9.	Percentage of equity shares held in the Company	48.25% (197491553 equity shares of ₹1/- each)	- (180 equity Shares of Re. 1/- each)	Nil	Nil	Nil
10.	Whether relative of any director or manager of the company	Relative of Mrs. Sandra Saldanha, Whole-time Director	Relative of Mr. Mark Saldanha, Managing Director	No	No	No

1	Name of Employee	Mr. Harsh Trehon	Mr. Kiran Sathe	Dr. Punit Prakash Gupta	Mr. Prafulchandra Patel	Mr. Sandip Gulabrao Chavan
2.	Age	47 Years	49 Years	41 Years	49 Years	41 Years
3.	Qualification	MBA in International Marketing	M.Sc.	Ph.D.	M.Sc.	PGDBA
4.	Experience	28 Years	25 Years	18 Years	25 Years	20 Years
5.	Designation	Senior VP (International Business)	VP – Operations	VP- QC / ADL	Deputy GM	Deputy GM
6.	Date of Commencement of Employment	28th February, 2012	15th July, 2014	18th February, 2015	04th May, 2012	25th November, 2014
7.	Gross Remuneration	₹32,33,952/-	₹28,39,016/-	₹21,92,078/-	₹19,85,660/-	₹18,97,830/-
8.	Previous Employment	Emcure Pharmaceuticals Limited	Kopran Limited	Akums Drugs & Pharmaceuticals Limited	Softech Pharma Limited	Watson Pharma Private Limited
9.	Percentage of equity shares held in the Company	0.02% (69900 equity Shares of ₹1/- each)	Nil	Nil	Nil	Nil
10.	Whether relative of any director or manager of the company	No	No	No	No	No

Annexure G

Secretarial Audit Report

For The Financial Year Ended on 31st March, 2016

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To The Members
Marksans Pharma Limited
11th Floor, Grandeur, Veera Desai Extension Road
Oshiwara, Andheri (West), Mumbai - 400053

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Marksans Pharma Limited (CIN: L24110MH1992PLC066364) (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my 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, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance - mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

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

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) 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;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

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, 1992 and 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 **(Not Applicable to the Company during the Audit Period)**;

d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **(Not Applicable to the Company during the Audit Period)**;

e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not Applicable to the Company during the Audit Period)**;

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 **(Not Applicable to the Company during the Audit Period)**;

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not Applicable to the Company during the Audit Period)** and

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not Applicable to the Company during the Audit Period).**

(vi) The management has identified and confirmed the following laws as specifically applicable to the Company:

1. Drugs and Cosmetics Act, 1940 and Drugs and Cosmetics Rules, 1945;
2. Drugs (Price Control) Order, 2013 as amended from time to time;
3. Air (Prevention and Control of Pollution) Act, 1974;
4. Water (Prevention and Control of Pollution) Act, 1981;
5. The Hazardous Waste (Management and Handling) Rules, 1989.

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India (Applicable with effect from 1st July, 2015).

(ii) The Equity Listing Agreement entered into by the Company with Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited and the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 (Applicable with effect from 1st December, 2015).

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

I further report that

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

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

Decisions at the meetings of the Board of Directors were carried through on the basis of majority. There were no dissenting views by any member of the Board of Directors during the period under review.

I 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.

I further report that during the audit period, there were no specific events/actions having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

Khushboo Bakul Gopani
Company Secretary
CP No. 10560
Membership No. A29194

Place: Mumbai
Date: 13th August, 2016

Note: This report is to be read with my letter of even date which is annexed as 'Annexure A' and forms an integral part of this report.

Annexure A

To The Members
Marksans Pharma Limited
11th Floor, Grandeur, Veera Desai Extension Road
Oshiwara, Andheri (West), Mumbai - 400053

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes 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. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation 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. My examination was limited to the verification of procedures 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.

Khushboo Bakul Gopani
Company Secretary
CP No. 10560
Membership No. A29194

Place: Mumbai
Date: 13th August, 2016

Financial Section

Independent Auditor's Report

To
The Members of
MARKSANS PHARMA LTD

Report on the Standalone Financial Statements

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

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Accounting Standard 30, Financial Instruments: Recognition and Measurement issued by the Institute of Chartered Accountants of India to the extent it does not contradict any other accounting standard referred to in Section 133 of the Act read with Rule 7 of Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of 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.

Auditor's Responsibility

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

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

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements 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.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An Audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

8. In our opinion and to the best of our information and according to the explanation given to us the aforesaid standalone financial statements give the required information 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 :-

(i) In the case of the Balance Sheet, of the State of affairs of the Company as at 31st March 2016;

(ii) In the case of Statement of Profit and Loss, of the Profit for the year ended on that date;

(iii) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

10. 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 purposes 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, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

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

    (e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Director, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of section 164(2) of the Act.

    (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

    (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 knowledge and belief and according to the information and explanations given to us :

        (i) The company does not have any pending litigation which would impact its financial position.

        (ii) The Company did not have any long term contracts, including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise.

        (iii) There has not been occasion in case of the Company during the year under report to transfer any sums to the Investor Education And Protection Fund. The Question of delay in transferring such sums does not arise.

For N K MITTAL & ASSOCIATES
Chartered Accountants
FR No. 113281W

CA N K MITTAL
(Proprietor)
M No. 046785

Place : Mumbai
Date : 30th May, 2016

Annexure A to Independent Auditors Report

Referred to in paragraph 10(f) of the Independent Auditor's Report of even date to the members of **MARKSANS PHARMA LTD** on the **standalone financial statements for the year ended March 31, 2016.**

Report of the Internal Financial Controls under Clause (i) of Sub-section 3 of section 143 of the Act.

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

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

3. 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 deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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.

4. 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.

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

Meaning of Internal Financial Controls Over Financial Reporting

6. 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 purpose 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 transaction and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and

that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. 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

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

For N K MITTAL & ASSOCIATES
Chartered Accountants
FR No. 113281W

CA N K MITTAL
(Proprietor)
M No. 046785

Place : Mumbai
Date : 30th May, 2016

Annexure B to the Independent Auditor's Report

Referred to in paragraph 9 of the Independent Auditor's Report of even date to the members of **MARKSANS PHARMA LTD** on the **Standalone financial statement** as of and for the year ended March 31, 2016.

(1) (a) In our Opinion and according to the information given to us, the company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;

(b) In our Opinion and according to the information given to us ,these fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.

(c) In our Opinion and according to the information given to us, the title deeds of immovable properties as disclosed in Note 11 on fixed assets to the financial statements are held in the name of the company.

(2) In our Opinion and according to the information given to us, physical verification of inventory has been conducted at reasonable intervals by the management and no material discrepancies were noticed.

(3) 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.

(4) In respect of loans, investments, guarantees, and security, the provisions of section 185 and 186 of the Companies Act, 2013 have been complied with.

(5) In our Opinion and according to the information and explanation given to us, the company has not accepted any deposit from the public within the meaning of section 73 to 76 or any other relevant provisions of the Companies Act, 2013.

(6) We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for maintenance of cost records under sub section (1) of section 148 of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However we are neither required to carry out nor have carried out any detailed examination of such accounts and records.

(7) (a) In our opinion and according to the information given to us, the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities applicable to it.

(b) According to the information and explanations given to us, no undisputed amount payable in respect of Income Tax, Sales Tax, Wealth Tax, Custom Duty , Excise Duty and Cess were in arrears, as at 31-03-2016 for a period of more than 6 months from the date they became payable. The sales tax which have not been deposited on account of disputes and the forum where the dispute is pending are as under:

Name of the Statute	Nature of the Dues	Amount (In ₹ Lakh)	Period to which the amount relates	Forum where disputes are pending
Commissioner of Sales Tax	Sales Tax (BST,CST) – 04-05	0.28	2004-2005	Commissioner of Sales Tax (Appeal)
Commissioner of Sales Tax	Sales Tax (BST,CST) – 04-05	7.62	2004-2005	Commissioner of Sales Tax (Appeal)
Total		**7.90**		

(8) According to the information and explanations given to us, the company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders.

(9) According to the records of the company examined by us and as per the information and explanations given to us, the Company has not raised and money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provision of Clause 3(ix) of the order are not applicable to the company.

(10) During the course of our examination of the books amd records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the company or on the company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

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

(12) The Company is not Nidhi Company and Nidhi Rules 2014, are not applicable to it, the provisions of clause 3(xii) of the order are not applicable.

(13) The Company has entered into transactions with related parties in compliance with the provisions of Section 177 and 188 of the Act. The details of such related party transaction have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(14) The Company has not made any preferential allotment or private placements of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the order are not applicable to the Company.

(15) The Company has not entered into non cash transaction with its director, in compliance with the provisions of Section 192 of the Act.

(16) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For N K MITTAL & ASSOCIATES
Chartered Accountants
FR No. 113281W

CA N K MITTAL
(Proprietor)
M No. 046785

Place : Mumbai
Date : 30th May, 2016

Balance Sheet as at 31st March, 2016

Particulars	Note No.	31st March, 2016 ₹	31st March, 2015 ₹
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	53,43,13,698	53,43,13,698
(b) Reserves and surplus	4	3,69,26,71,222	3,04,74,64,330
(c) Money received against share warrants		-	-
2 Share application money pending allotment		-	-
3 Non-current liabilities			
(a) Long-term borrowings	5	-	-
(b) Deferred tax liabilities (Net)	6	31,15,355	50,32,406
4 Current liabilities			
(a) Short-term borrowings	7	40,61,82,121	43,52,16,125
(b) Trade payables	8	31,40,77,261	44,58,24,710
(c) Other current liabilities	9	67,59,130	39,88,05,624
(d) Short-term provisions	10	38,48,70,653	40,44,73,158
TOTAL		**5,34,19,89,440**	**5,27,11,30,051**
II. ASSETS			
1 Non-current assets			
(a) Fixed assets	11		
(i) Tangible assets		90,32,23,453	77,72,35,376
(ii) Intangible assets		7,14,98,393	12,28,77,081
(b) Non-current investments	12	2,31,44,00,764	67,61,63,898
(c) Long-term loans and advances	13	1,24,81,749	82,56,654
2 Current assets			
(a) Inventories	14	43,73,77,919	51,02,52,714
(b) Trade receivables	15	1,33,41,49,083	1,24,63,00,350
(c) Cash and cash equivalents	16	3,12,71,869	1,67,54,16,170
(d) Short-term loans and advances	17	23,75,86,210	25,46,27,808
(e) Other current assets		-	-
TOTAL		**5,34,19,89,440**	**5,27,11,30,051**
Significant Accounting Policies and Notes on Financial Statements	1 to 25		

For and on behalf of
N. K. Mittal & Associates
Chartered Accountants
F.NO. 113281W

For and on Behalf of the Board of Directors

N. K. Mittal
Proprietor
M. NO. 046785

Mark Saldanha
Chairman & Managing Director

Sandra Saldanha
Whole - time Director

Place : Mumbai
Date : 30.05.2016

Jitendra Sharma
Chief Financial Officer

Harshavardhan Panigrahi
Company Secretary & Legal Manager

Statement of Profit and Loss for the year ended 31st March, 2016

Particulars	Note No.	2015-16 ₹	2014-15 ₹
1 Revenue from operations	18	3,58,13,20,688	4,05,59,35,363
2 Other income	19	8,68,74,256	3,08,82,636
3 Total Revenue (1 + 2)		**3,66,81,94,944**	**4,08,68,17,999**
4 Expenses:			
Cost of materials consumed	20	1,56,72,34,923	1,93,56,42,514
Purchases of Stock-in-Trade		17,29,66,952	23,23,28,219
Changes in inventories of finished goods, work-in-process and Stock-in-Trade	21	4,16,47,096	1,35,53,808
Employee benefits expense	22	26,12,99,006	23,65,45,693
Finance costs	23	6,20,43,619	13,11,29,624
Depreciation and amortization expense	24	14,74,84,731	9,03,08,722
Other expenses	25	49,92,30,517	48,04,59,404
Total expenses		**2,75,19,06,844**	**3,11,99,67,984**
5 Profit/(Loss) before exceptional and extraordinary items and tax (3-4)		**91,62,88,100**	**96,68,50,015**
6 Exceptional items		-	-
7 Profit/(Loss) before extraordinary items and tax (5-6)		**91,62,88,100**	**96,68,50,015**
8 Extraordinary Items		-	-
9 Profit/(Loss) before tax (7-8)		**91,62,88,100**	**96,68,50,015**
10 Tax expense:			
(1) Current Year		24,97,58,000	25,87,00,000
(2) Earlier year		(4,64,08,080)	5,07,04,172
(3) Deferred tax		(19,17,051)	(1,36,45,184)
Total Tax Expenses		**20,14,32,869**	**29,57,58,988**
11 Profit/(Loss) for the period from continuing operations (9-10)		**71,48,55,231**	**67,10,91,027**
12 Profit/(Loss) from discontinuing operations		-	-
13 Tax expense of discontinuing operations		-	-
14 Profit/(Loss) from Discontinuing operations (after tax) (12-13)		**-**	**-**
15 Profit/(Loss) for the period (11+14)		**71,48,55,231**	**67,10,91,027**
16 Earnings per equity share:			
(1) Basic		1.75	1.64
(2) Diluted		1.75	1.64
Significant Accounting Policies and Notes on Financial Statements	1 to 25		

For and on behalf of

N. K. Mittal & Associates
Chartered Accountants
F.NO. 113281W

For and on Behalf of the Board of Directors

N. K. Mittal
Proprietor
M. NO. 046785

Mark Saldanha
Chairman & Managing Director

Sandra Saldanha
Whole - time Director

Place : Mumbai
Date : 30.05.2016

Jitendra Sharma
Chief Financial Officer

Harshavardhan Panigrahi
Company Secretary & Legal Manager

Notes to Financial Statements for the year ended 31st March, 2016

1 Background

Marksans Pharma Limited (The Company) operates as an international pharmaceutical organisation with business encompassing the research, manufacturing, marketing and distribution of pharmaceutical products. The Company head office is situated in Mumbai, India and operates across many countries. The company's equity shares are listed for trading on the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited.

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company.

2.1 Basis of Accounting

The Financial Statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP), to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 (""the 2013 Act"")/ Companies Act, 1956 (""the 1956 Act""), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention.

2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities(including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/ materialised.

2.3 Inventories

Inventories are valued at the lower of cost and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty. Cost is determined as follows:

Raw Materials, Packing Materials and Stores – At Weighted Average Cost on FIFO basis.

Work-in-Progress - At Material Cost and an appropriate share of production overheads.

Finished Goods - At Material Cost and an appropriate share of production overheads and excise duty, wherever applicable.

Stock in trade - At Weighted Average basis

2.4 Cash and cash equivalents (for purpose of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.5 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.6 Depreciation and amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets of the Company has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except leasehold land.

Notes to Financial Statements for the year ended 31st March, 2016

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company (contd.)

Depreciation on the tangible fixed assets of the Company has been provided on straight-line method as per the estimated useful life of such assets as follows:

Building- Factory	:	30 years
Building- Office	:	60 years
Plant and Equipment	:	15 years
Furnitures and Fixtures	:	10 years
Office Equipment	:	5 years
Vehicles	:	8 years
Computer and Software	:	3 to 6 years

Intangible assets are amortised over their estimated life on straight-line method as follows:

Internally Generated ANDA, Market Authorisation, Product Licences & Others : 5 to 10 years

Individual assets costing less than ₹5,000/- are depreciated in full in the year of purchase.

2.7 Revenue Recognition

Sale of goods

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer as per the terms of the arrangements with buyer.

2.8 Other Income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

2.9 Fixed Assets

Tangible fixed assets, except to the extent permitted to be fair valued under the Scheme, are carried at cost less accumulated depreciation and amortisation. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets upto the date the asset is ready for its intended use.

Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure on fixed assets after its purchase/ completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Fixed assets acquired in full or part exchange for another asset are recorded at the fair market value or the net book value of the asset given up, adjusted for any balancing cash consideration. Fair market value is determined either for the assets acquired or asset given up, whichever is more clearly evident. Fixed assets acquired in exchange for securities of the Company are recorded at the fair market value of the assets or the fair market value of the securities issued, whichever is more clearly evident.

Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed seperately.

i. Capital work-in-progress

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

Intangible assets are carried at cost less accumulated amortization and impairment losses, if any. The cost of

Notes to Financial Statements for the year ended 31st March, 2016

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company (contd.)

an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase/ completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

2.10 Foreign Currency Transactions and Translations

Initial Recognition

Foreign currency transactions are recorded at the exchange rates prevailling on the date of such transactions or at rates that closely approximate the rate at the date of the transaction.

Integral foreign operations:

Transactions in foreign currencies entered into by the Company's integral foreign operations are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Net investment in non-integral foreign operations:

Net investment in non-integral foreign operations is accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Non-integral foreign operations:

Transactions of non-integral foreign operations are translated at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

The exchange differences relating to non-integral foreign operations are accumulated in a ""foreign currency translation reserve" until disposal of the operation, in which case the accumulated balance in ""foreign currency translation reserve"" is recognised as income/expense in the same period in which the gain or loss on disposal is recognised.

Measurement at the Balance Sheet Date

Foreign currency monetary items (other than derivative contracts) of the Company, outstanding at the balance sheet date are restated at the year- end rates. Non-monetary items of the Company are carried at historical cost. Integral foreign operations: Foreign currency monetary items (other than derivative contracts) of the Company's integral foreign operations outstanding at the balance sheet date are restated at the year-end dates. Non-monetary items of the Company's integral foreign operations are carried at historical cost.

Net investment in non-integral foreign operations:

Foreign currency monetary items (other than derivative contracts) of the Company's net investment in non-integral foreign operations outstanding at the balance sheet date are restated at the year-end rates.

Non-integral foreign operations:

All assets and liabilities of non-integral foreign operations are translated at the year-end rates.

Treatment of exchange differences

Exchange differences arising on settlement/ restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as Income or expense in the Statement of Profit and Loss.

Integral foreign operations:

Exchange differences arising on settlement/ restatement of short-term foreign currency monetary assets and

Notes to Financial Statements for the year ended 31st March, 2016

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company (contd.)

liabilities of the Company's integral foreign operations are recognised as income or expense in the Statement of Profit and Loss.

Net investment in non-integral foreign operation:

The exchange differences on restatement of long-term receivables/ payables from/ to non-integral foreign operations that are considered as net investment in such operations is accounted as per policy for long-term foreign currency monetary items stated below until disposal/ recovery of such net investment, in which case the accumulated balance in "foreign currency translation reserve" is recognised as income/ expense in the same period in which the gain or loss on disposal/ recovery is recognised.

Non-integral foreign operations:

The exchange differences relating to non-integral foreign operations are accumulated in a "foreign currency translation reserve" until disposal of the operation, in which case the accumulated balance in "foreign currency translation reserve" is recognised as income/ expense in the same period in which the gain or loss on disposal is recognised.

Exchange difference on long-term foreign currency monetary items

The exchange differences arising on settlement/ restatement of long-term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets. If such monetary items do not relate to acquisition of depreciable fixed assets, the exchange difference is amortised over the maturity period/ upto the date of settlement of such monetary items, whichever is earlier, and charged to the Statement of Profit and Loss except in case of exchange differences arising on net investment in non-integral foreign operations, where such amortisation is taken to "foreign currency translation reserve" until disposal/ recovery of the net investment. The unamortised exchange difference is carried under Reserves and Surplus as " foreign currency monetary item translation difference account" net of the tax effect thereon, where applicable.

Accounting for forward contracts

Premium/ discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the balance sheet date. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense in the period in which such cancellation or renewal is made.

Forward exchange contracts outstanding as at the year-end on account of firm commitment transaction are marked to market and the losses,If any are recognised in the Statement of Profit and Loss and gains are ignored in accordance with the Announcement of the Institute of Chartered Accountants of India on 'Accounting for Derivatives' issued in March 2008."

Gain/Loss on account of foreign exchange fluctuation in respect of long term liabilities in foreign currencies specific to acquisition of fixed assets are recognised in the Statement of Profit and Loss.

2.11 Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Long term investments are stated at cost less any provision for permanent diminution, other than temporary, in the value of such investments. The current investments are valued at lower of cost or fair market value.

Cost of investments include acquisition charges such as brokerage, fees and duties.

Notes to Financial Statements for the year ended 31st March, 2016

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company (contd.)

2.12 Employee Benefits

Employee benefits include provident fund, employee state insurance scheme, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

i. Short-term employee benefits

All employee benefits falling due within twelve months of the end of the period in which the employees render the related services are classified as short-term employee benefits, which include benefits like salaries, wages, short term compensated absences, performance incentives, etc. and are recognised as expenses in the period in which the employee renders the related service and measured accordingly.

ii. Post-employment benefits

Post employment benefit plans are classified into defined contribution plans and defined benefit plans in line with the requirements of AS 15 on "Employee Benefits".

a. Gratuity

The liability in respect of Gratuity, a defined benefit plan, is recognised in the books of account based on actuarial valuation using projected unit credit method as at Balance Sheet date by an independent actuary. Actuarial gains and losses arising from the experience adjustment and change in actuarial assumption are immediately recognised in the Statement of Profit and Loss as an income or expense.

b. Provident Fund

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

iii. Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

iv. Long Term Incentive Plan ('Plan')

Under the Plan, certain employees are eligible for retension and performance linked payouts. These payouts are accrued as and when services are rendered and/ or when the specific performance criteria are met.

v. Other long-term employee benefits

Accumulated compensated absences are treated as other long-term employee benefits. The Company's liability in respect of other long-term employee benefits is recognised in the books of account based on actuarial valuation using projected unit credit method as at Balance Sheet date by an independent actuary. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Liability for Gratuity is accounted on accrual basis.

Annual contributions to Provident Fund & ESIC are accounted on accrual basis and charged to the Statement of Profit and Loss.

2.13 Borrowing costs

Borrowing costs are interest, amortisation of ancillary cost incurred and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs incurred by the Company in connection with the borrowing of funds. Borrowing costs are recognised in the Statement of Profit and Loss in the period in which it is incurred, except where the cost is incurred for acquisition, construction, production or development of an asset that takes a substantial period of time to get ready for its intended use in

Notes to Financial Statements for the year ended 31st March, 2016

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company (contd.)

which case it is capitalised up to the date the assets are ready for their intended use. Ancillary costs incurred in connection with the arrangement of borrowings are amortised over the period of such borrowings.

2.14 Segment Reporting as per AS 17

a. Business Segments

The Company is primarily engaged in a single business segment of manufacturing and marketing of Pharmaceutical Formulations and is managed as one entity for its various activities and is governed by a similar set of risks and returns.

b. Geographical Segments

In view of the management, the Indian and export markets represent geographical segments.

Segment Revenue	2015-16 (₹ in Lakh)	2014-15 (₹ in Lakh)
a) Exports	34,179.79	40,043.11
b) Local	1,633.42	516.24
Total	**35,813.21**	**40,559.35**

2.15 Leases

Finance Leases

Assets leased by the Company in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Company are classified as the finance leases.

Assets acquired under finance lease are recognised as assets with corresponding liabilities in the Balance Sheet at the inception of the lease at amounts equal to lower of the fair value of the leased asset or at the present value of the minimum lease payments. These leased assets are depreciated in line with the Company's policy on depreciation of fixed assets. The interest is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Operating Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease payments under operating leases are recognised in the Statement of Profit and Loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the benefit.

2.16 Taxes on Income

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period.

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company (contd.)

exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets are not recognised on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that sufficient future taxable income will be available against which deferred tax assets can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainity supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

2.17 Current-non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria in accordance with Schedule III to the Companies Act, 2013 as set out below:

Assets

An asset is classified as current when it satisfies any of the following criteria:

a) it is expected to be realised in, or is intended for sale or consumption in the company's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is expected to be realised within 12 months after the reporting date; or

d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

a) it is expected to be settled in the company's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is due to be settled within 12 months after the reporting date; or

d) the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

Operating Cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, Company ascertains its operating cycle as 12 months for the purpose of current-non current classification of assets and liabilities.

2.18 Tangible and Intangible fixed assets

a) Tangible fixed assets

Tangible fixed Assets are stated at cost net of tax/duty credits availed, if any, less accumulated depreciation/

Notes to Financial Statements for the year ended 31st March, 2016

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company (contd.)

amortisation/impairment losses. The cost of an item of tangible fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price.

Exchange differences (favorable as well as unfavorable) arising in respect of translation/ settlement of long term foreign currency borrowings attributable to the acquisition of a depreciable asset are also included in the cost of the asset.

In case of fixed assets acquired at the time of amalgamation of certain entities with the Company, the same are recognised at book value in case of amalgamation in the nature of merger and at book value/ fair value in case of amalgamation in the nature of purchase in line with Accounting Standard (AS) 14 -"Accounting for Amalgamations".

Expenditure incurred on start up and commissioning of the project and/or substantial expansion, including the expenditure incurred on trial runs (net of trial run receipts, if any) up to the date of commencement of commercial production are capitalised. Subsequent expenditures related to an item of fixed asset are capitalised to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance. Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets are recognised in the Statement of Profit and Loss.

Tangible fixed assets under construction are disclosed as capital work-in-progress.

Insurance spares/ standby equipments are capitalised as part of the mother asset and are depreciated at applicable rates, over the remaining useful life of the mother assets.

b) Intangible fixed assets

Acquired intangible assets

Intangible assets that are acquired are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss.

Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates.

Expenditure for acquisition and implementation of software systems is recognised as part of the intangible assets.

Internally generated intangible assets

Internally generated goodwill is not recognised as an asset. With regard to other internally generated intangible assets:

- Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the Statement of Profit and Loss as incurred.
- Development activities involve a plan or design for the production of new or substantially improved products or processes. Development expenditure including regulatory cost and legal expenses leading to product registration/ market authorisation relating to the new and/or improved product and/or process development capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and directly attributable borrowing costs (in the same manner as in the case of tangible fixed assets). Other development expenditure is recognised in the Statement of Profit and Loss as incurred.

Notes to Financial Statements for the year ended 31st March, 2016

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company (contd.)

2.19 Impairment of Assets

The carrying values of assets/ cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exits.

The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired.: (a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortised over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets, such reversal is not recognised.

2.20 The Company has not received any information from "Suppliers" regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to the amounts as at year end together with interest paid/payable as required under the said Act have not been given.

2.21 Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainity in availing/ utilising the credits.

2.22 Deferred Revenue Expenditure

The Company operates in an environment which requires the manufacturing facilities to be approved by industry regulators in certain territories prior to manufacture and sale of products in such territories . If the interval between the date the facility is ready to commence commercial production and the date at which commercial production is expected to commence is prolonged, all expenses incurred during this period are treated as deferred revenue expenditure and amortised over a period not exceeding 3 years from the date of receipt of approvals.

2.23 Exceptional items

The Company classifies the following as exceptional items in the Statement of Profit and Loss:

a) Exchange gain/loss arising on account of restatement and settlement of (i) long term foreign currency loans and advances, (ii) intra-group loans and advances;

b) Profit/loss on disposal of non-current investments and/ or dividends received from proceeds of such disposal and provision for/ reversals of provision for diminution in non- current investment, goodwill and other assets;

c) Profit/loss arising on account of discontinuance of products/ development activities;

d) Restructuring cost.

2.24 Customs / Excise Duty

Excise Duty on finished goods and Custom Duty on imported materials are accounted on production of packed finished goods /receipt of material in custom bonded warehouses. All the closing stock of finished goods lying at Goa factory is for export, hence provision for excise duty is not made.

2.25 Acquisition of Business/ Investment made during the Year

During the year, the Company has acquired 100% share capital of Time-Cap Laboratories, Inc, New York through a wholly owned subsidiary Marksans Pharma Inc., for a purchase consideration of USD 28.08 Million. Time-Cap

Notes to Financial Statements for the year ended 31st March, 2016

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company (contd.)

was founded in 1979 and is a leading manufacturer and marketer of solid dose generic pharmaceuticals, including private label over-the-counter ("OTC") medications, generic prescription drugs ("Rx"), and nutritional supplements. Time-Cap is a zero debt company.

2.26 Nature and extent of risks arising from financial instruments

The main financial risks faced by the Company relate to fluctuations in interest and foreign exchange rates, the risk of default by counterparties to financial transactions, and the availability of funds to meet business needs. The Balance Sheet as at March 31, 2016 is representative of the position through the year.

Credit Risk

Credit risk arises from Cash and Cash equivalents, financial instruments and deposits with banks and financial institutions. Credit risk also arises from trade receivables and other financial assets.

The credit risk arising from receivables is subject to concentration risk in that the receivables are predominantly denominated in USD & GBP and any appreciation in the INR will effect the credit risk. The Company is not significantly exposed to geographical distribution risk as the counterparties operate across various countries across the Globe.

Foreign exchange risk

The Company is exposed to foreign exchange risk principally via:-

i. Debt availed in foreign currencies.

ii. Net investments in subsidiaries that are in foreign currencies.

iii. Exposure arising from transaction relating to purchases, revenues, expenses etc, to be settled in currencies other than the functional currency of the Company.

Liquidity Risk

Liquidity risk is managed using short term and long term Cash Flow forecasts.

Risk Management is carried out by the Risk Management Committee as per Risk Management Policy adopted by the Company.

2.27 Earnings per share

Earnings per share is calculated by dividing the profit/(loss) after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year as computed below:

	Particulars	2015-16 ₹	2014-15 ₹
	Earning Per Share (EPS)		
1)	Net profit as per the Statement of Profit and Loss available for equity shareholders	71,48,55,231	67,10,91,027
2)	Weighted average number of equity shares for Earnings Per Share computation		
a)	For Basic Earnings Per Share of ₹1/- each	40,93,13,698	40,93,13,698
b)	For Diluted Earnings Per Share of ₹1/- each		
	- No. of Share for Basic EPS as per 2 a	40,93,13,698	40,93,13,698
	- Add: Weighted average outstanding	-	-
	- No. of share for diluted earnings per share of ₹1/- each	40,93,13,698	40,93,13,698
3)	Earning Per Share (Weighted Average)		
	Basic	1.75	1.64
	Diluted	1.75	1.64

Notes to Financial Statements for the year ended 31st March, 2016

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company (contd.)

2.28 Research and development expenditure

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Fixed Assets.

The amount expensed by the Company as Research and Development costs during the last three financial years:-

(₹ in Lakh)

Financial Year	Revenue	Capital	Total Expenditure
2013-14	1,975.62	38.12	2,013.74
2014-15	1,719.83	21.30	1,741.13
2015-16	768.10	38.07	806.17

2.29 Production, Sales and Stock

	Particulars	2015-16 (₹ in Lakh)	2014-15 (₹ in Lakh)
(a)	**Sale of Products**		
	Solid Orals, Tablets and Capsules (Including Soft Gelatin Capsules)	35,813.21	40,559.35
(b)	**Finished goods purchased**		
	Solid Orals, Tablets and Capsules (Including Soft Gelatin Capsules)	1,729.67	2,323.28
(c)	**Raw , packing materials and consumables stores consumed**		
	Ibuprofen	4,730.14	5,539.75
	Metformin HCL	914.21	1,509.87
	Paracetamol	558.47	741.28
	Gliclazide	368.24	499.14
	Gabapentin	1,260.72	407.17
	Coating Material	268.16	424.35
	Gelatin	50.65	392.84
	Naproxin	413.37	389.36
	Others	7,108.39	9,452.66
	Total	**15,672.35**	**19,356.43**

(d) **Break-up of materials and consumables stores consumed**

	(%) 2015-2016	(₹ in Lakh) 2015-2016	(%) 2014-2015	(₹ in Lakh) 2014-2015
Indigenous	57.28	8,977.30	55.17	10,678.54
Imported	42.72	6,695.05	44.83	8,677.89

		Opening Stock (₹ in Lakh)		Closing Stock (₹ in Lakh)	
		2015-2016	2014-2015	2015-2016	2014-2015
(e)	**Inventories of finished goods(manufactured)**				
	Solid Orals, Tablets and Capsules (Including Soft Gelatin Capsules)	513.17	451.93	221.88	513.17
(f)	**Inventories of finished goods(traded)**				
	Solid Orals, Tablets and Capsules (Including Soft Gelatin Capsules)	74.60	71.82	27.77	74.60

Notes to Financial Statements for the year ended 31st March, 2016

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company (contd.)

2.30 (a)

C. I. F. Value of Imports	2015-16 (₹ in Lakh)	2014-15 (₹ in Lakh)
- Raw materials	5,754.62	8854.79
- Capital Goods / Spare Parts and Components and others	2,205.84	1,994.87
Total Forex Outflow	7,960.46	10,849.66

(b) **Remittance in Foreign Currency on Account of Dividend**

During the financial year 2015-16, the company has not remitted any amount in foreign currencies on account of dividends. The dividends payable to non-resident Members have been paid in Indian rupees to their Indian bank accounts mandated by them .

(c)

Particulars	2015-16 (₹ in Lakh)	2014-15 (₹ in Lakh)
Earnings in foreign currency from exports / other income	34,179.79	40,043.11

2.31 **Related Party Disclosures**

(a) **List of Related Parties**

Subsidiaries

Marksans Pharma (UK) Limited
Marksans Holdings Limited
Bell, Sons and Co. (Druggists) Limited
Relonchem Limited
Marksans Pharma Inc.
Time-Cap Laboratories, Inc
Custom Coatings, Inc.
Marksans Realty LLC
Nova Pharmaceuticals Australasia Pty Ltd

Key Management Personnel (KMP)

Mr. Mark Saldanha - Managing Director
Mrs. Sandra Saldanha - Whole-time Director
Dr. Vinay Gopal Nayak - Whole-time Director
Mr. Jitendra Sharma - Chief Financial Officer
Mr. Harshavardhan Panigrahi - Company Secretary

Relatives of KMP

Mrs. Sandra Saldanha is spouse of Mr. Mark Saldanha (Managing Director)
Mr. Mark Saldanha is spouse of Mrs. Sandra Saldanha (Whole-time Director)

Companies in which KMP is interested

Marksans Pharma (UK) Limited
Marksans Holdings Limited
Bell, Sons and Co. (Druggists) Limited
Relonchem Limited
Marksans Pharma Inc.
Time-Cap Laboratories, Inc

Notes to Financial Statements for the year ended 31st March, 2016

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company (contd.)

Custom Coatings, Inc.
Marksans Realty LLC
Nova Pharmaceuticals Australasia Pty Ltd

Note: Mr. Mark Saldanha/ Mrs. Sandra Saldanha/ Mr. Jitendra Sharma is/are Director in the above subsidiary(ies) as representative of Marksans Pharma Limited and have no personal interest as director of those subsidiary(ies). They do not own any shares in the subsidiary(ies) in which they are Directors.

As required by Accounting Standard 18 "Related Parties Disclosure" issued by The Institute of Chartered Accountants of India, list of parties with whom transactions have taken place during the year are as follows:

(b) Key Management Personnel / Directors - Remuneration:

	2015-16 (₹ in Lakh)	2014-15 (₹ in Lakh)
Mr. Mark Saldanha	67.60	19.02
Mrs. Sandra Saldanha	70.30	36.26
Dr. Balwant S. Desai (upto 21.03.2016)	63.44	73.81
Dr. Vinay G. Nayak (w.e.f. 21.03.2016)	5.86	-
Mr. Jitendra Sharma	70.64	76.83
Mr. Harshavardhan Panigrahi	14.88	12.66
Total	**292.72**	**218.58**

Rent paid to Mr. Mark Saldanha of ₹102.93 Lakh during the year.

(c) Parties where control exists

Subsidiary Companies

Marksans Pharma (UK) Limited
Time-Cap Laboratories Inc
Nova Pharmaceuticals Australasia Pty Ltd

(d) Related party relationships where transactions have taken place during the year

Marksans Pharma (UK) Limited - Subsidiary Company
Time-Cap Laboratories, Inc - Subsidiary Company
Nova Pharmaceuticals Australasia Pty Ltd - Subsidiary Company

(e) Transactions with related parties during the year

	2015-16 (₹ in Lakh)	2014-15 (₹ in Lakh)
Subsidiary company		
Sale of Finished products	14748.09	15112.55
Dividend received	638.40	0.00
Purchase of Raw Material	0.00	5.53
Balances outstanding at the end of the year		
Receivable from subsidiary	6520.80	4069.97

Notes to Financial Statements for the year ended 31st March, 2016

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company (contd.)

2.32 Provisions, Contingent Liabilities & Contingent Assets

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is possible obligation or a present obligation that the liklihood of outflow of resouces is remote, no provision or disclosure is made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

Contingent liabilities and commitments (to the extent not provided for)

Particulars	2015-16 (₹ in Lakh)	2014-15 (₹ in Lakh)
Contingent Liabilities		
a) Claims against the company not acknowledged as debt	24.07	20.60
b) Guarantees and Letter of Credit	939.37	1663.41
c) Other money for which the company is contingently liable		
Sales Tax		
Sales Tax (BST,CST) – 03-04	-	5.06
Sales Tax (BST,CST) – 04-05	7.90	7.90
	971.34	**1696.97**

2.33 Foreign Currency Convertible Bonds (Bonds)

The Company had filed a suit against a Bond holder in the High Court of England for their specific performance to surrender the outstanding bonds for payment of USD 5,250,000 under the settlement agreement. Subsequently, High Court of England passed order directing Peter Beck & Partner to surrender the bonds for payment in accordance with the settlement agreement. Accordingly, during the financial year 2015-16, Peter Beck & Partner surrendered their bonds to the Company and the Company paid the settlement amount of USD 5,250,000 to them.

2.34 Corporate Social Responsibility (CSR)

Corporate Social Responsibility expenditure for the year is Nil.

2.35 Figures of the previous year have been regrouped and re-arranged wherever necessary, so as to make them comparable with the current year's figures.

Notes to Financial Statements for the year ended 31st March, 2016

Particulars	31st March, 2016		31st March, 2015	
	Number	₹	Number	₹
Note No. 3 Share Capital				
Authorised				
Equity Shares of ₹1/- each	55,00,00,000	55,00,00,000	55,00,00,000	55,00,00,000
7% Redeemable Cumulative Preference Shares of ₹100/- each	14,00,000	14,00,00,000	14,00,000	14,00,00,000
Total	**55,14,00,000**	**69,00,00,000**	**55,14,00,000**	**69,00,00,000**
Issued, Subscribed & Paid up				
Equity Shares of ₹1/- each	40,93,13,698	40,93,13,698	40,93,13,698	40,93,13,698
7% Redeemable Cumulative Preference Shares of ₹100/- each	12,50,000	12,50,00,000	12,50,000	12,50,00,000
Total	**41,05,63,698**	**53,43,13,698**	**41,05,63,698**	**53,43,13,698**

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

Particulars	Equity Shares of ₹1/- each		7% Redeemable Cumulative Preference Shares of ₹100/- each	
	Number	₹	Number	₹
Shares outstanding at the beginning of the year	40,93,13,698	40,93,13,698	12,50,000	12,50,00,000
Shares Issued during the year	-	-	-	-
Shares bought back/redeemed during the year	-	-	-	-
Shares outstanding at the end of the year	40,93,13,698	40,93,13,698	12,50,000	12,50,00,000

b. **Terms/rights attached to Equity Shares**

The Company has only one class of Equity Shares having a par value of ₹1/- per share. All the Equity Shares rank pari passu in all respect. Each holder of Equity Shares is entitled to one vote per share. The equity share holders are entitled to dividend, if declared by the members in an Annual General Meeting, in proportion to the number of Equity Shares held by the members.

In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the members.

c. **Terms/rights attached to Preference Shares**

The preference shares carry dividend at the rate of 7% per annum subject to approval of the members at an Annual General Meeting. The holder of the preference shares is entitled to one vote per share only on resolutions placed before the Company which directly affect the rights attached to the preference shares. In the event of liquidation of the Company before redemption of the preference shares, the holder of the preference shares will have priority over equity shares in the payment of dividend and repayment of capital.

d. The company has not issued bonus shares and shares for consideration other than cash nor the company has bought back any shares during the period of five years immediately preceding the reporting date except redemption of 100,000 preference shares at par on 07.02.2015.

e. As on 31st March, 2016, 61 Foreign Curency Convertible Bonds (Bonds) of USD 1000 each in principal value are outstanding as the respective bond holders are untraceable. In accordance with the terms of the issue of the Bonds, these Bonds carry conversion rights until they are redeemed or repurchased. Accordingly, 81,314 equity shares of ₹1/- each will be issued in case the bond holders opt for the conversion of the said 61 Bonds into equity shares.

Notes to Financial Statements for the year ended 31st March, 2016

Note No.3 Share Capital (contd.)

f. Details of shareholders holding more than 5% shares in the Company

Name of Shareholder	31st March, 2016		31st March, 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity Shares of ₹1/- each fully paid				
Mr. Mark Saldanha	19,74,91,553	48.25	19,74,91,553	48.25
7% Redeemable Cumulative Preference Shares of ₹100/- each fully paid				
Glenmark Pharmaceuticals Limited	12,50,000	100	12,50,000	100

Particulars	31st March, 2016 ₹	31st March, 2015 ₹
Note No. 4 Reserves & Surplus		
a. Capital Reserves	1,22,500	1,22,500
	1,22,500	**1,22,500**
b. Capital Redemption Reserve		
Opening Balance	1,00,00,000	-
(+) Transferred from Profit and Loss	-	1,00,00,000
Closing Balance	**1,00,00,000**	**1,00,00,000**
c. Securities Premium Account		
Opening Balance	1,75,13,17,328	46,28,88,795
(+) Securities premium credited on Share issue	-	1,28,84,28,533
Closing Balance	**1,75,13,17,328**	**1,75,13,17,328**
d. General Reserve		
Opening Balance	3,13,73,65,569	3,05,85,97,200
(+) Current Year Transfer	-	7,87,68,369
(-) Written Back in Current Year	-	-
Closing Balance	**3,13,73,65,569**	**3,13,73,65,569**
e. Surplus		
Opening balance	(1,85,13,41,067)	(2,44,27,16,240)
(+) Net Profit/(Net Loss) For the current year	71,48,55,231	67,10,91,027
(-) Transfer to Capital Redemption reserve	-	(1,00,00,000)
(-) Proposed Dividend	(5,78,67,644)	(5,78,67,644)
(-) Dividend Distribution Tax on Proposed Dividend	(1,17,80,695)	(1,18,48,210)
Closing Balance	**(1,20,61,34,175)**	**(1,85,13,41,067)**
Total	**3,69,26,71,222**	**3,04,74,64,330**

Note No. 5 Long Term Borrowings

-	-	-
Total	**-**	**-**

Notes to Financial Statements for the year ended 31st March, 2016

Particulars	31st March, 2016 ₹	31st March, 2015 ₹
Note No. 6 Deferred tax liabilities (Net)		
Deferred Tax Liabilities : DTL		
Related to Fixed Assets	1,83,11,993	2,02,29,044
Deferred Tax Assets : DTA		
Disallowances under Income Tax Act, 1961	1,51,96,638	1,51,96,638
Net DTA / DTL	**31,15,355**	**50,32,406**

Note No. 7 Short Term Borrowings

Secured		
Working Capital facilities from Bank	40,61,82,121	43,52,16,125
Total	**40,61,82,121**	**43,52,16,125**

Note No. 7.1

Working Capital facilities are secured by hypothecation by way of first charge on all current assets, receivables, book debts and other movables of the Company in favour of the consortium on pari passu basis and by equitable mortgage by way of second charge of the immovable properties comprising of land and buildings and erections both present and future situated at Plot No. L-82 & L-83, Verna Industrial Estate, Verna, Goa in favour of the consortium on pari passu basis.

Note No. 8 Trade Payable

a) Total outstanding dues to Micro, Medium and Small Enterprises*	-	-
b) Total outstanding dues to other than Micro, Medium and Small Enterprises	31,40,77,261	44,58,24,710
Total	**31,40,77,261**	**44,58,24,710**

* Refer Note no.2.20 on outstanding dues from Micro, Medium and Small Enterprises.

Trade Payable Includes general and miscellaneous creditors.

Note No. 9 Other Current Liabilities

a. Current maturities of Term Loan	-	6,38,84,874
b. Current maturities of Vehicle Loan	21,509	1,54,043
c. Foreign Currency Convertible Bonds *	58,61,455	33,42,18,095
d. Unclaimed Dividend	8,66,166	5,38,612
e. Deposits	10,000	10,000
Total	**67,59,130**	**39,88,05,624**

***Note No.9.1 Foreign Curreny Convertible Bonds (Bonds)**

The Company had issued 50,000 Bonds of USD 1,000 each in principal value during the year 2005. Out of that, the Company bought back and extinguished 49,939 Bonds. As on 31.03.2016, only 61 Bonds of USD 1,000 each in Principal value (Out of total 50,000 issued) are outstanding as the respective bond holders are untraceable. Adequate provisions have been made in the books of account. Accordingly, the current outstanding is USD 88,572 (₹5,861,455) as on 31st March, 2016.

Notes to Financial Statements for the year ended 31st March, 2016

Particulars	31st March, 2016 ₹	31st March, 2015 ₹
Note No. 10 Short Term Provisions		
a. Provision for Gratuity and compensated absences		
- Gratuity	1,41,32,971	68,62,445
- Compensated absences	4,06,27,520	3,07,96,983
b. Others	6,95,00,636	14,46,15,032
c. Proposed Dividend	5,78,67,644	5,78,67,644
d. Dividend Distribution Tax on Proposed Dividend	1,17,80,695	1,18,48,210
e. Income Tax provision	19,09,61,187	15,24,82,844
Total	**38,48,70,653**	**40,44,73,158**

Notes to Financial Statements for the year ended 31st March, 2016

Note No. 11 Fixed Assets

Particulars	Gross Block					Accumulated Depreciation				Net Block	
	Balance as at 1 April 2015	Additions	Disposals	Impairments	Balance as at 31 March 2016	Balance as at 1 April 2015	Depreciation charge for the year	On disposals	Balance as at 31 March 2016	Balance as at 31 March 2016	Balance as at 31 March 2015
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Tangible Assets											
Land	96,65,840	0	0	0	96,65,840	0	0	0	-	96,65,840	96,65,840
Buildings	30,63,61,225	95,73,669	0	0	31,59,34,894	6,95,21,905	78,73,553	0	7,73,95,458	23,85,39,436	23,68,39,320
Plant and Equipment	67,20,17,269	17,55,72,321	19,52,247	0	84,56,37,343	22,04,54,546	7,32,41,475	11,23,111	29,25,72,910	55,30,64,433	45,15,62,723
Furniture and Fixtures	3,22,23,809	95,85,404	0	0	4,18,09,213	52,30,789	42,96,202	0	95,26,991	3,22,82,222	2,69,93,020
Vehicles	5,62,86,739	54,43,000	9,28,170	0	6,08,01,569	77,92,801	61,72,945	8,11,704	1,31,54,042	4,76,47,527	4,84,93,938
Office equipment	53,87,125	7,65,727	0	0	61,52,852	29,75,022	14,15,151	0	43,90,173	17,62,679	24,12,103
Computer and Software	2,89,26,692	2,20,99,601	0	0	5,10,26,293	2,76,58,260	31,06,717	0	3,07,64,977	2,02,61,316	12,68,432
Total (a)	**1,11,08,68,699**	**22,30,39,722**	**28,80,417**	**-**	**1,33,10,28,004**	**33,36,33,323**	**9,61,06,043**	**19,34,815**	**42,78,04,551**	**90,32,23,453**	**77,72,35,376**
Intangible Assets											
Internally Generated ANDA,Market Authorisations, Product Licences & Others	51,37,86,882	0	0	0	51,37,86,882	39,09,09,801	5,13,78,688	0	44,22,88,489	7,14,98,393	12,28,77,081
Total (b)	**51,37,86,882**	**0**	**0**	**0**	**51,37,86,882**	**39,09,09,801**	**5,13,78,688**	**0**	**44,22,88,489**	**7,14,98,393**	**12,28,77,081**
Total (a+b)	**1,62,46,55,581**	**22,30,39,722**	**28,80,417**	**-**	**1,84,48,14,886**	**72,45,43,124**	**14,74,84,731**	**19,34,815**	**87,00,93,040**	**97,47,21,846**	**90,01,12,457**
Previous year figure	1,30,23,84,543	32,22,71,038	0	-	1,62,46,55,581	63,42,34,402	9,03,08,722	0	72,45,43,124	90,01,12,457	66,81,50,141

Note No. 11.1

Land held on leasehold basis. Building includes those constructed on leasehold land.

Note No. 11.2

Addition to Fixed Assets include capital expenditure incurred for Research and Development during the last three financial years:

Capital Expenditure	Amount (₹ In Lakh)
2015-16	38.07
2014-15	21.30
2013-14	38.12

Notes to Financial Statements for the year ended 31st March, 2016

Particulars	31st March, 2016 ₹	31st March, 2015 ₹
Note No. 12 Non-current investments		
Trade Investments		
Investment in subsidiaries(Unquoted)	2,31,44,00,764	67,61,63,898
Total	**2,31,44,00,764**	**67,61,63,898**

Note No. 12.1 Investement in Equity Instruments

Name of the Body Corporate	Nova Pharmaceuticals Australasia Pty Ltd.	Marksans Pharma (UK) Ltd.	Marksans Pharma Inc.
Subsidiary / Associate / JV/ Controlled Entity / Others	Subsidiary	Subsidiary	Subsidiary
	31st March, 2016	31st March, 2016	31st March, 2016
No. of Shares	90 (90)	8492565 (8492565)	100 (-)
Quoted / Unquoted	Unquoted (Unquoted)	Unquoted (Unquoted)	Unquoted (-)
Partly Paid / Fully paid	Fully Paid (Fully Paid)	Fully Paid (Fully Paid)	Fully Paid (-)
Extent of Holding (%)	60% (60%)	100% (100%)	100% (-)
Amount (₹)	1,59,05,003 (1,59,05,003)	66,02,58,895 (66,02,58,895)	1,63,82,36,866 (-)
Whether stated at Cost (Yes / No)	Yes	Yes	Yes
If Answer to Column above is 'No' - Basis of Valuation	N.A.	N.A.	N.A.

(Information provided in Brackets pertain to Previous year)

Note No.12.2

During the F.Y. 2015-2016, the Company has invested ₹16,382.37 Lakh in it's wholly owned subsidiary Marksans Pharma Inc. to acquire Time-Cap Laboratories Inc.

Particulars	31st March, 2016 ₹	31st March, 2015 ₹
Note No. 13 Long Term Loans and Advances		
Unsecured, considered good	1,24,81,749	82,56,654
Total	**1,24,81,749**	**82,56,654**

Note No. 14 Inventories		
a. Raw Materials and Packing Materials	37,02,81,114	40,15,08,813
b. Work-in-process	4,21,32,500	4,99,67,114
c. Finished goods	2,21,87,658	5,13,17,029
d. Stock-in-trade	27,76,647	74,59,758
Total	**43,73,77,919**	**51,02,52,714**

Notes to Financial Statements for the year ended 31st March, 2016

Particulars	31st March, 2016 ₹	31st March, 2015 ₹
Note No. 15 Trade Receivables		
Unsecured, considered good		
Outstanding for a period more than six months from due date	41,25,550	47,40,401
Others	1,33,00,23,533	1,24,15,59,949
Total	**1,33,41,49,083**	**1,24,63,00,350**
Note No. 16 Cash and cash equivalents		
a. Balances with banks*	3,04,89,467	1,31,95,30,187
b. Cash in hand	7,82,402	4,05,291
c. Bank deposits with less than 12 months maturity	-	35,54,46,453
d. Margin Money	-	34,239
Total	**3,12,71,869**	**1,67,54,16,170**

* This Includes ₹13124.35 Lakh received against Issue of 24,006,494 equity shares under QIP (for March 2015).

Particulars	31st March, 2016 ₹	31st March, 2015 ₹
Note No. 17 Short-term loans and advances		
Advance recoverable in cash or kind		
Unsecured, considered good	23,75,86,210	25,46,27,808
Total	**23,75,86,210**	**25,46,27,808**

Particulars	2015-16 ₹	2014-15 ₹
Note No. 18 Revenue from operations		
Sale of products	3,48,14,55,565	4,02,92,20,066
Other operating revenues	9,98,65,123	2,67,15,297
Less: Excise duty	-	-
Total	**3,58,13,20,688**	**4,05,59,35,363**
Note No. 19 Other income		
Interest Income	2,29,93,415	3,08,82,636
Insurance Claim received	40,841	-
Dividend Income	6,38,40,000	-
Total	**8,68,74,256**	**3,08,82,636**

Notes to Financial Statements for the year ended 31st March, 2016

Particulars	2015-16 ₹	2014-15 ₹
Note No. 20 Cost of materials and components consumed		
Cost of material and components consumed	1,56,72,34,923	1,93,56,42,514

Note No. 21 Changes in inventories of finished goods, work-in-process and stock-in-trade

Changes in inventories of finished goods, work-in-process and stock-in-trade	4,16,47,096	1,35,53,808

Note No. 22 Employee Benefits Expense

(a) Salaries and Wages	23,96,77,503	21,21,16,763
(b) Contributions to - Providend fund , E.S.I.C. and other fund	90,82,747	73,01,723
(c) Staff welfare expenses	1,25,38,756	1,71,27,207
Total	**26,12,99,006**	**23,65,45,693**

Note No. 23 Finance Costs

Interest expense	2,76,05,157	6,22,11,921
Others	2,97,17,104	2,65,76,037
Interest on Income Tax	-	1,52,16,776
Applicable net loss on foreign exchange	47,21,358	2,71,24,890
Total	**6,20,43,619**	**13,11,29,624**

Note No. 24 Depreciation and amortization expense

Depreciation on tangible assets	9,61,06,043	3,89,30,034
Amortization of intangible asssets	5,13,78,688	5,13,78,688
Total	**14,74,84,731**	**9,03,08,722**

Notes to Financial Statements for the year ended 31st March, 2016

Particulars	2015-16 ₹	2014-15 ₹
Note No. 25 Other Expenses		
Water Charges	43,54,507	47,69,840
Power & Fuel	7,11,01,699	7,26,22,561
Freight Inward & Raw Material Clearing Charges	2,89,27,921	2,35,53,279
Repairs & Maintenance - Plant and Machinery	4,50,99,721	3,54,42,787
Repairs & Maintenance - Building	59,17,163	52,58,448
Other Manufacturing Expenses	1,73,60,778	3,39,16,463
Rent	1,14,84,992	1,60,36,680
Rates & Taxes	15,91,619	11,24,532
Travelling Expenses	2,84,99,996	1,75,68,866
Communication Expenses	23,97,775	22,13,582
Courier & Postage Expenses	15,96,697	15,79,718
Printing & Stationery	55,91,481	54,04,784
Audit Fees	3,39,500	3,37,000
Vehicle Expenses & Local Conveyance	92,00,805	98,54,633
Legal & Professional Fees	3,46,28,921	2,37,32,009
Office Expenses	26,01,289	12,11,011
Insurance Charges	55,08,857	58,16,956
Exchange Loss/(Gain)	(4,50,94,243)	(9,72,94,865)
Loss/(Profit) on sale of Fixed Assets	(92,401)	-
Other Operating Expenses	4,26,26,633	5,60,58,712
Freight Outward & Export Clearing Expenses	19,23,02,162	16,64,02,721
Expenses on issue of share under QIP	-	5,58,86,428
Selling & Distribution Expenses	3,32,84,645	3,89,63,259
Total	**49,92,30,517**	**48,04,59,404**

Note No. 25.1 Details of Payments to the Auditor

As Auditor	3,39,500	3,37,000
Total	**3,39,500**	**3,37,000**

For and on behalf of
N. K. Mittal & Associates
Chartered Accountants
F.NO. 113281W

N. K. Mittal
Proprietor
M. NO. 046785

Place : Mumbai
Date : 30.05.2016

For and on Behalf of the Board of Directors

Mark Saldanha
Chairman & Managing Director

Sandra Saldanha
Whole - time Director

Jitendra Sharma
Chief Financial Officer

Harshavardhan Panigrahi
Company Secretary & Legal Manager

Statement of Cash Flow for the year ended as on 31st March, 2016

	Particulars	31st March, 2016 ₹	31st March, 2015 ₹
A.	**Cash Flow From Operating Activities**		
	Profit/(Loss) Before Tax	**91,62,88,100**	**96,68,50,015**
	Adjustments to reconcile profit before tax and prior period items to cash provided by operations:		
	-Depreciation	14,74,84,731	9,03,08,722
	-Expenses on issue of share under QIP	-	5,58,86,428
	-(Profit)/Loss on sale of Fixed Assets	(92,401)	-
	-Interest Expense	2,76,05,157	6,22,11,921
	-Dividend Income	(6,38,40,000)	-
	-Interest Income	(2,29,93,415)	(3,08,82,636)
	Operating Profit before working capital changes	**1,00,44,52,172**	**1,14,43,74,450**
	Movements in working capital :		
	(Increase)/Decrease in Inventories	7,28,74,795	4,58,33,337
	(Increase)/Decrease in Trade and other receivables	(8,78,48,733)	(12,25,03,233)
	(Increase)/Decrease in loans and advances	1,28,16,503	14,34,85,637
	Increase/(Decrease) in Trade Payable and short term provisions	(15,13,49,953)	21,84,73,154
	Income Tax Paid	(20,33,49,920)	(30,94,04,172)
	Net cash used in operating activities	**64,75,94,864**	**1,12,02,59,173**
B.	**Cash Flow provided by (used in) Investing Activities:**		
	(Purchase)/Sale of Fixed Assets	(22,20,01,720)	(32,22,71,039)
	Investment	(1,63,82,36,866)	-
	Dividend Income	6,38,40,000	-
	Interest Income	2,29,93,415	3,08,82,636
	Net Cash Flow provided by (used in) Investing Activities	**(1,77,34,05,171)**	**(29,13,88,403)**
C.	**Cash Flow provided by (used in) Financing Activities:**		
	Increase in Equity Share Capital	-	2,40,06,494
	Redemption of Preference Share Capital	-	(1,00,00,000)
	Increase in Share Premium	-	1,28,84,28,533
	Increase in General Reserve	-	7,87,68,369
	Proposed Dividend and Dividend Distribution Tax on it	(6,96,48,339)	(6,97,15,854)
	Proceeds/(Repayment) of Short Term and Long Term Borrowings	(42,10,80,498)	(68,05,79,468)
	Interest Expense	(2,76,05,157)	(6,22,11,921)
	Expenses on issue of share under QIP	-	(5,58,86,428)
	Net Cash Flow provided by (used in) Financing Activities	**(51,83,33,994)**	**51,28,09,725**
	Net Increase /(Decrease) in Cash and Bank Balances	**(1,64,41,44,301)**	**1,34,16,80,495**
	Cash & Bank Balances as at 31.03.2015	**1,67,54,16,170**	**33,37,35,675**
	Cash & Bank Balances as at 31.03.2016	**3,12,71,869**	**1,67,54,16,170**
		(1,64,41,44,301)	**1,34,16,80,495**

Notes :

1 The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.

2 The Previous year's figures have been regrouped wherever necessary in order to conform to this year's presentation.

For and on behalf of
N. K. Mittal & Associates
Chartered Accountants
F.NO. 113281W

N. K. Mittal
Proprietor
M. NO. 046785

Place : Mumbai
Date : 30.05.2016

For and on Behalf of the Board of Directors

Mark Saldanha
Chairman & Managing Director

Sandra Saldanha
Whole - time Director

Jitendra Sharma
Chief Financial Officer

Harshavardhan Panigrahi
Company Secretary & Legal Manager

Independent Auditor's Report

To
The Members of
MARKSANS PHARMA LTD

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of MARKSANS PHARMA LIMITED (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 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 financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the 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 sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

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

Other Matters

We did not audit the financial statements of three (3) Subsidiaries whose financial statements reflect total assets of ₹42,828.69 Lakh as at March 31, 2016, total revenue from operations (net) of ₹53,537.38 Lakh, for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) and (11) of section 143 of the Act in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Our Opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, 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 purposes of our audit of the aforesaid consolidated financial statements.

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

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

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

   (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group companies is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the Adequacy of the Internal Financial Controls over financial Reporting of the Group and the operating effectiveness of such controls, refer to our report in "Annexure A".

   (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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. There were no pending litigations which would impact the consolidated financial position of the Group.

      ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies.

For N K MITTAL & ASSOCIATES
Chartered Accountants
FR No. 113281W

CA N K MITTAL
(Proprietor)
M No. 046785

Place : Mumbai
Date : 30th May, 2016

Annexure A to Independent Auditors Report

Report of the Internal Financial Controls under Clause (i) of Sub-section 3 of section 143 of the Act.

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of MARKSANS PHARMA LTD (hereinafter referred to as "the Holding Company") and its subsidiary companies, which are incorporated in India, to the extent applicable as of that date.

Management's Responsibility for Internal Financial Controls

2. The Respective Board of Directors of the Holding Company and its subsidiary companies, which are incorporated in India, to the extent applicable, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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

3. 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") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and 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.

4. 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 procedure 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.

5. We believe that the audit evidence we have obtained, during the audit of Holding Company, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting; for providing an opinion on the internal financial controls system of the Subsidiary Companies which are not incorporated in India (Foreign Subsidiaries) we have relied upon the audit opinion given by their respective auditors in reference to the same.

Meaning of Internal Financial Controls Over Financial Reporting

6. 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 purpose 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 transaction and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. 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

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

For N K MITTAL & ASSOCIATES
Chartered Accountants
FR No. 113281W

CA N K MITTAL
(Proprietor)
M No. 046785

Place : Mumbai
Date : 30th May, 2016

Consolidated Balance Sheet as at 31st March, 2016

Particulars	Note No.	31st March, 2016 ₹	31st March, 2015 ₹
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	53,43,13,698	53,43,13,698
(b) Reserves and surplus	4	4,00,89,31,091	3,26,33,24,967
(c) Money received against share warrants		-	-
2 Share application money pending allotment		**-**	**-**
3 Minority Interest		**8,36,06,107**	**8,10,02,032**
4 Non-current liabilities			
(a) Long-term borrowings	5	-	-
(b) Deferred tax liabilities (Net)	6	-	1,45,50,897
5 Current liabilities			
(a) Short-term borrowings	7	87,89,29,105	82,18,56,156
(b) Trade payables	8	1,18,98,01,764	1,07,01,95,350
(c) Other current liabilities	9	67,59,130	39,88,05,624
(d) Short-term provisions	10	51,88,30,600	57,14,97,711
TOTAL		**7,22,11,71,495**	**6,75,55,46,435**
II. ASSETS			
1 Non-current assets			
(a) Fixed assets	11		
(i) Tangible assets		1,64,13,88,069	1,02,37,04,523
(ii) Intangible assets		1,05,51,57,082	63,52,70,717
(b) Non-current investments		-	-
(c) Long-term loans and advances	12	10,40,61,739	82,56,654
(d) Deferred tax assets (Net)	13	1,91,10,284	-
2 Current assets			
(a) Inventories	14	1,67,79,17,477	1,30,10,67,804
(b) Trade receivables	15	2,17,29,29,670	1,83,45,43,614
(c) Cash and cash equivalents	16	35,30,13,344	1,85,26,52,098
(d) Short-term loans and advances	17	19,75,93,830	10,00,51,025
(e) Other current assets		-	-
TOTAL		**7,22,11,71,495**	**6,75,55,46,435**
Significant Accounting Policies and Notes on Financial Statements	1 to 25		

For and on behalf of

N. K. Mittal & Associates
Chartered Accountants
F.NO. 113281W

N. K. Mittal
Proprietor
M. NO. 046785

Place : Mumbai
Date : 30.05.2016

For and on Behalf of the Board of Directors

Mark Saldanha
Chairman & Managing Director

Sandra Saldanha
Whole - time Director

Jitendra Sharma
Chief Financial Officer

Harshavardhan Panigrahi
Company Secretary & Legal Manager

Consolidated Statement of Profit and Loss for the year ended 31st March, 2016

	Particulars	Note No.	2015-16 ₹	2014-15 ₹
1	**Revenue from operations**	18	8,93,32,61,868	7,96,68,76,152
2	Other income	19	8,86,71,139	3,34,33,155
3	**Total Revenue (1 + 2)**		**9,02,19,33,007**	**8,00,03,09,307**
4	**Expenses:**			
	Cost of materials consumed	20	3,41,26,99,496	2,77,74,38,550
	Purchases of Stock-in-Trade		1,63,58,40,503	1,68,99,45,195
	Changes in inventories of finished goods, work-in-process and Stock-in-Trade	21	4,84,03,865	(1,29,98,570)
	Employee benefits expense	22	1,22,41,73,964	72,60,60,431
	Finance costs	23	10,15,51,680	16,04,53,648
	Depreciation and amortization expense	24	28,12,70,397	16,13,40,167
	Other expenses	25	1,24,94,86,336	93,92,25,473
	Total expenses		**7,95,34,26,241**	**6,44,14,64,894**
5	**Profit/(Loss) before exceptional and extraordinary items and tax (3-4)**		**1,06,85,06,766**	**1,55,88,44,413**
6	Exceptional items		-	-
7	**Profit/(Loss) before extraordinary items and tax (5-6)**		**1,06,85,06,766**	**1,55,88,44,413**
8	Extraordinary Items		-	-
9	**Profit/(Loss) before tax (7-8)**		**1,06,85,06,766**	**1,55,88,44,413**
10	Tax expense:			
	(1) Current Year		32,18,33,873	39,68,03,812
	(2) Earlier year		(4,64,08,080)	5,06,35,386
	(3) Deferred tax		(3,43,50,116)	(82,30,464)
	Total Tax Expenses		**24,10,75,677**	**43,92,08,734**
11	**Profit/(Loss) for the period from continuing operations (9-10)**		**82,74,31,089**	**1,11,96,35,679**
12	Profit/(Loss) from discontinuing operations		-	-
13	Tax expense of discontinuing operations		-	-
14	**Profit/(Loss) from Discontinuing operations (after tax) (12-13)**		-	-
15	**Profit/(Loss) for the period before adjustment for Minority interest (11+14)**		82,74,31,089	1,11,96,35,679
16	**Less: Minority Interest**		4,23,14,975	2,56,70,452
17	**Profit/(Loss) for the period after adjustment for Minority interest (15-16)**		78,51,16,114	1,09,39,65,227
18	Earnings per equity share:			
	(1) Basic		1.92	2.67
	(2) Diluted		1.92	2.67
	Significant Accounting Policies and Notes on Financial Statements	1 to 25		

For and on behalf of

N. K. Mittal & Associates
Chartered Accountants
F.NO. 113281W

For and on Behalf of the Board of Directors

N. K. Mittal
Proprietor
M. NO. 046785

Mark Saldanha
Chairman & Managing Director

Sandra Saldanha
Whole - time Director

Place : Mumbai
Date : 30.05.2016

Jitendra Sharma
Chief Financial Officer

Harshavardhan Panigrahi
Company Secretary & Legal Manager

Notes to Consolidated Financial Statements for the year ended 31st March, 2016

1.1 Background

Marksans Pharma Limited (The Company) together with it's subsidiaries (referred to as the Group), operates as an international pharmaceutical organisation with business encompassing the research, manufacturing, marketing and distribution of pharmaceutical products. The Group is head quartered in Mumbai, India and operates across many countries. The company's equity shares are listed for trading on the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited.

1.2 Basis of Consolidation

i. Basis of Accounting and Preparation of Consolidated Financial Statements

The Consolidated Financial Statements of the Company and its subsidiaries (together the 'Group') have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP), to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 (""the 2013 Act"")/ Companies Act, 1956 (""the 1956 Act""), as applicable. The consolidated financial statements have been prepared on accrual basis under the historical cost convention.

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the previous year.

ii. Principles of consolidation

The consolidated financial statements relate to Marksans Pharma Limited (the 'Company') and its subsidiary companies. The consolidated financial statements have been prepared on the following basis:

a. The financial statements of the subsidiary companies used in the consolidation are drawn upto the same reporting date as that of the Company i.e., March 31, 2016.

b. The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses.

c. The excess of cost to the Group of its investments in the subsidiary companies over its share of equity of the subsidiary companies at the dates on which the investments in the subsidiary companies were made, is recognized as 'Goodwill' being an asset in the consolidated financial statements and is tested for impairment on annual basis. On the other hand, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the Group, it is recognized as 'Capital Reserve' and shown under the head 'Reserves & Surplus', in the consolidated financial statements. The 'Goodwill'/ 'Capital Reserve' is determined separately for each subsidiary company and such amounts are not set off between different entities. Goodwill arising on consolidation is amortised.

d. Minority Interest in the net assets of the consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the date on which investments in the subsidiary companies were made and further movements in their share in the equity, subsequent to the days of investments. Net profit/ loss for the year of the subsidiaries attributable to minority interest is identified and adjusted against the profit after tax of the Group in order to arrive at the income attributable to members of the Company.

e. Following subsidiary companies have been considered in the preparation of the consolidated financial statements:

Sl No.	Name of the Entity	Country of Incorporation	Ownership at March 31, 2016 held by	% ownership held either directly or through subsidiaries as at March 31, 2016	% ownership held either directly or through subsidiaries as at March 31, 2015
1	Marksans Pharma Inc	USA	Marksans Pharma Limited	100%	100%
	a) Time-Cap Laboratories Inc.	USA	Marksans Pharma Inc	100%	-

Notes to Consolidated Financial Statements for the year ended 31st March, 2016

Sl No.	Name of the Entity	Country of Incorporation	Ownership at March 31, 2016 held by	% ownership held either directly or through subsidiaries as at March 31, 2016	% ownership held either directly or through subsidiaries as at March 31, 2015
	- Custom Coating Inc.	USA	Time-Cap Laboratories Inc.	100%	-
	- Marksans Realty LLC	USA	Time-Cap Laboratories Inc.	100%	-
2	Nova Pharmaceuticals Australasia Pty Ltd	Australia	Marksans Pharma Limited	60%	60%
3	Marksans Pharma (UK) Limited	UK	Marksans Pharma Limited	100%	100%
	a) Relonchem Limited	UK	Marksans Pharma (UK) Limited	100%	100%
	b) Marksans Holdings Limited	UK	Marksans Pharma (UK) Limited	100%	100%
	- Bell, Sons and Co. (Druggists) Limited	UK	Marksans Holdings Limited	100%	100%

f. Assets and Liabilities of foreign subsidiaries are translated into Indian Rupees at the rate of exchange prevailing as at the Balance Sheet Date. Revenues and expenses are translated into Indian Rupees at average exchange rates prevailing during the year and the resulting net transaction adjustment has been adjusted to reserve.

g. Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with the Company's consolidated financial statements.

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company and its Subsidiaries

2.1 Use of estimates

The preparation of the consolidated financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities(including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/ materialised.

2.2 Inventories

Inventories are valued at the lower of cost and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty. Cost is determined as follows:

Raw Materials, Packing Materials and Stores – At Weighted Average Cost on FIFO basis.

Work-in-Progress - At Material Cost and an appropriate share of production overheads.

Finished Goods - At Material Cost and an appropriate share of production overheads and excise duty, wherever applicable.

Stock-in-Trade - At Weighted Average basis

Notes to Consolidated Financial Statements for the year ended 31st March, 2016

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company and its Subsidiaries (contd.)

2.3 Cash and cash equivalents (for purpose of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.4 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.5 Depreciation and amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets of the Company has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except leasehold land.

Depreciation on the tangible fixed assets of the Company's foreign subsidiaries has been provided on straight-line method as per the estimated useful life of such assets as follows:

Building- Factory	:	30 years
Building- Office	:	60 years
Plant and Equipment	:	15 years
Furnitures and Fixtures	:	10 years
Office Equipment	:	5 years
Vehicles	:	8 years
Computer and Software	:	3 to 6 years

Intangible assets are amortised over their estimated life on straight-line method as follows:

Goodwill	:	5 to 10 years
Prescription Product Licences	:	5 to 10 years
OTC Product Licences	:	5 to 10 years

Internally Generated ANDA, Market Authorisation, Product Licences & Others : 5 to 10 years

Individual assets costing less than ₹5,000/- are depreciated in full in the year of purchase.

2.6 Revenue Recognition

Sale of goods

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer as per the terms of the arrangements with buyer.

2.7 Other Income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

2.8 Fixed Assets

Tangible fixed assets, except to the extent permitted to be fair valued under the Scheme, are carried at cost less accumulated depreciation and amortisation. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental

Notes to Consolidated Financial Statements for the year ended 31st March, 2016

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company and its Subsidiaries (contd.)

expenses and interest on borrowings attributable to acquisition of qualifying fixed assets upto the date the asset is ready for its intended use.

Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure on fixed assets after its purchase/ completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Fixed assets acquired in full or part exchange for another asset are recorded at the fair market value or the net book value of the asset given up, adjusted for any balancing cash consideration. Fair market value is determined either for the assets acquired or asset given up, whichever is more clearly evident. Fixed assets acquired in exchange for securities of the Company are recorded at the fair market value of the assets or the fair market value of the securities issued, whichever is more clearly evident.

Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed seperately.

i. Capital work-in-progress

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

Intangible assets are carried at cost less accumulated amortization and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase/ completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

2.9 Foreign Currency Transactions and Translations

Initial Recognition

Foreign currency transactions are recorded at the exchange rates prevailling on the date of such transactions or at rates that closely approximate the rate at the date of the transaction.

Intergral foreign operations:

Transactions in foreign currencies entered into by the Company's integral foreign operations are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Net investment in non-integral foreign operations:

Net investment in non-integral foreign operations is accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Non-integral foreign operations:

Transactions of non-integral foreign operations are translated at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

The exchange differences relating to non-integral foreign operations are accumulated in a ""foreign currency translation reserve" until disposal of the operation, in which case the accumulated balance in ""foreign currency translation reserve"" is recognised as income/expense in the same period in which the gain or loss on disposal is recognised."

Notes to Consolidated Financial Statements for the year ended 31st March, 2016

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company and its Subsidiaries (contd.)

Measurement at the Balance Sheet Date

Foreign currency monetary items (other than derivative contracts) of the Company, outstanding at the balance sheet date are restated at the year- end rates. Non-monetary items of the Company are carried at historical cost. Integral foreign operations: Foreign currency monetary items (other than derivative contracts) of the Company's integral foreign operations outstanding at the balance sheet date are restated at the year-end dates. Non-monetary items of the Company's integral foreign operations are carried at historical cost.

Net investment in non-integral foreign operations:

Foreign currency monetary items (other than derivative contracts) of the Company's net investment in non-integral foreign operations outstanding at the balance sheet date are restated at the year-end rates.

Non-integral foreign operations:

All assets and liabilities of non-integral foreign operations are translated at the year-end rates.

Treatment of exchange differences

Exchange differences arising on settlement/ restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as Income or expense in the Statement of Profit and Loss.

Integral foreign operations:

Exchange differences arising on settlement/ restatement of short-term foreign currency monetary assets and liabilities of the Company's integral foreign operations are recognised as income or expense in the Statement of Profit and Loss.

Net investment in non-integral foreign operation:

The exchange differences on restatement of long-term receivables/ payables from/ to non-integral foreign operations that are considered as net investment in such operations is accounted as per policy for long-term foreign currency monetary items stated below until disposal/ recovery of such net investment, in which case the accumulated balance in "foreign currency translation reserve" is recognised as income/ expense in the same period in which the gain or loss on disposal/ recovery is recognised.

Non-integral foreign operations:

The exchange differences relating to non-integral foreign operations are accumulated in a "foreign currency translation reserve" until disposal of the operation, in which case the accumulated balance in "foreign currency translation reserve" is recognised as income/ expense in the same period in which the gain or loss on disposal is recognised.

Exchange difference on long-term foreign currency monetary items

The exchange differences arising on settlement/ restatement of long-term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets. If such monetary items do not relate to acquisition of depreciable fixed assets, the exchange difference is amortised over the maturity period/ upto the date of settlement of such monetary items, whichever is earlier, and charged to the Statement of Profit and Loss except in case of exchange differences arising on net investment in non-integral foreign operations, where such amortisation is taken to "Foreign currency translation reserve" until disposal/recovery of the net investment. The unamortised exchange difference is carried under Reserves and Surplus as "foreign currency monetary item translation difference account" net of the tax effect thereon, where applicable.

Accounting for forward contracts

Premium/ discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the balance sheet

Notes to Consolidated Financial Statements for the year ended 31st March, 2016

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company and its Subsidiaries (contd.)

date. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense in the period in which such cancellation or renewal is made.

Forward exchange contracts outstanding as at the year-end on account of firm commitment transaction are marked to market and the losses,If any are recognised in the Statement of Profit and Loss and gains are ignored in accordance with the Announcement of the Institute of Chartered Accountants of India on 'Accounting for Derivatives' issued in March 2008."

Gain/Loss on account of foreign exchange fluctuation in respect of long term liabilities in foreign currencies specific to acquisition of fixed assets are recognised in the Statement of Profit and Loss.

2.10 Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Long term investments are stated at cost less any provision for permanent diminution, other than temporary, in the value of such investments. The current investments are valued at lower of cost or fair market value.

Cost of investments include acquisition charges such as brokerage, fees and duties.

2.11 Employee Benefits

Employee benefits include provident fund, employee state insurance scheme, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

i. Short-term employee benefits: All employee benefits falling due within twelve months of the end of the period in which the employees render the related services are classified as short-term employee benefits, which include benefits like salaries, wages, short term compensated absences, performance incentives, etc. and are recognised as expenses in the period in which the employee renders the related service and measured accordingly.

ii. Post-employment benefits: Post employment benefit plans are classified into defined contribution plans and defined benefit plans in line with the requirements of AS 15 on "Employee Benefits".

a. Gratuity

The liability in respect of Gratuity, a defined benefit plan, is recognised in the books of account based on actuarial valuation using projected unit credit method as at Balance Sheet date by an independent actuary. Actuarial gains and losses arising from the experience adjustment and change in actuarial assumption are immediately recognised in the Statement of Profit and Loss as an income or expense.

b. Provident Fund

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

iii. Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

iv. Long Term Incentive Plan ('Plan')

Under the Plan, certain employees are eligible for retension and performance linked payouts. These payouts are accrued as and when services are rendered and/ or when the specific performance criteria are met.

Notes to Consolidated Financial Statements for the year ended 31st March, 2016

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company and its Subsidiaries (contd.)

v. **Other long-term employee benefits**

Accumulated compensated absences are treated as other long-term employee benefits. The Company's liability in respect of other long term employee benefits is recognised in the books of account based on actuarial valuation using projected unit credit method as at Balance Sheet date by an independent actuary. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Liability for Gratuity is accounted on accrual basis.

Annual contributions to Provident Fund & Employee State Insurance Scheme are accounted on accrual basis and charged to the Statement of Profit and Loss.

2.12 Borrowing costs

Borrowing costs are interest, amortisation of ancillary cost incurred and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs incurred by the Group in connection with the borrowing of funds. Borrowing costs are recognised in the Consolidated Statement of Profit and Loss in the period in which it is incurred, except where the cost is incurred for acquisition, construction, production or development of an asset that takes a substantial period of time to get ready for its intended use in which case it is capitalised up to the date the assets are ready for their intended use. Ancillary costs incurred in connection with the arrangement of borrowings are amortised over the period of such borrowings.

2.13 Segment Reporting as per AS 17

a. **Business Segments**

The Company is primarily engaged in a single business segment of manufacturing and marketing of Pharmaceutical Formulations and is managed as one entity for its various activities and is governed by a similar set of risks and returns.

b. **Geographical Segments**

In view of the management, the Indian and export markets represent geographical segments.

Segment Revenue	2015-16 (₹ in Lakh)	2014-15 (₹ in Lakh)
Europe, UK – Formulations	4181.90	4948.70
US & North America – Formulations	3258.10	1587.80
Australia & NZ – Formulations	1077.60	907.20
Rest of World(ROW)	504.30	556.60
Consolidated Revenue from operations	**9021.90**	**8000.30**

2.14 Leases

Finance Leases

Assets leased by the Company in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Company are classified as the finance leases.

Assets acquired under finance lease are recognised as assets with corresponding liabilities in the Balance Sheet at the inception of the lease at amounts equal to lower of the fair value of the leased asset or at the present value of the minimum lease payments. These leased assets are depreciated in line with the Company's policy on depreciation of fixed assets. The interest is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Operating Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease payments under operating leases are recognised in the Consolidated

Notes to Consolidated Financial Statements for the year ended 31st March, 2016

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company and its Subsidiaries (contd.)

Statement of Profit and Loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the benefit.

2.15 Taxes on Income

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period.

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets are not recognised on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that sufficient future taxable income will be available against which deferred tax assets can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainity supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Current and deferred tax relating to items directly recognisable in reserves are recognised in reserves and not in the Statement of Profit and Loss."

2.16 Current-non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle of each entity of the Group and other criteria in accordance with Schedule III to the Companies Act, 2013 as set out below:

Assets

An asset is classified as current when it satisfies any of the following criteria:

a) it is expected to be realised in, or is intended for sale or consumption in the company's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is expected to be realised within 12 months after the reporting date; or

d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include current portion of non-current financial assets.

All other assets are classified as non-current.

Notes to Consolidated Financial Statements for the year ended 31st March, 2016

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company and its Subsidiaries (contd.)

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

a) it is expected to be settled in the company's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is due to be settled within 12 months after the reporting date; or

d) the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

Operating Cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, each entity of the Group ascertains its operating cycle as 12 months for the purpose of current-non current classification of assets and liabilities.

2.17 Tangible and Intangible fixed assets

a) Tangible fixed assets

Tangible fixed assets are stated at cost net of tax/duty credits availed, if any, less accumulated depreciation/ amortisation/impairment losses. The cost of an item of tangible fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price.

Exchange differences (favorable as well as unfavorable) arising in respect of translation/ settlement of long term foreign currency borrowings attributable to the acquisition of a depreciable asset are also included in the cost of the asset.

In case of fixed assets acquired at the time of amalgamation of certain entities with the Group, the same are recognised at book value in case of amalgamation in the nature of merger and at book value/ fair value in case of amalgamation in the nature of purchase in line with Accounting Standard (AS) 14 -"Accounting for Amalgamations".

Expenditure incurred on start up and commissioning of the project and/or substantial expansion, including the expenditure incurred on trial runs (net of trial run receipts, if any) up to the date of commencement of commercial production are capitalised. Subsequent expenditures related to an item of fixed asset are capitalised to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance. Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets are recognised in the Consolidated Statement of Profit and Loss.

Tangible fixed assets under construction are disclosed as capital work-in-progress.

Insurance spares/ standby equipments are capitalised as part of the mother asset and are depreciated at applicable rates, over the remaining useful life of the mother assets.

b) Intangible fixed assets

Acquired intangible assets

Intangible assets that are acquired are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss.

Notes to Consolidated Financial Statements for the year ended 31st March, 2016

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company and its Subsidiaries (contd.)

Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates.

Internally generated intangible assets

Internally generated goodwill is not recognised as an asset. With regard to other internally generated intangible assets:

- Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the Consolidated Statement of Profit and Loss as incurred.
- Development activities involve a plan or design for the production of new or substantially improved products or processes. Development expenditure including regulatory cost and legal expenses leading to product registration/ market authorisation relating to the new and/or improved product and/or process development capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and directly attributable borrowing costs (in the same manner as in the case of tangible fixed assets). Other development expenditure is recognised in the Consolidated Statement of Profit and Loss as incurred.

2.18 Impairment of Assets

The carrying values of assets/ cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exits.

The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired: (a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortised over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets, such reversal is not recognised.

2.19 The Company has not received any information from "Suppliers" regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to the amounts as at year end together with interest paid/payable as required under the said Act have not been given.

2.20 Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainity in availing/ utilising the credits.

2.21 Deferred Revenue Expenditure

The Group operates in an environment which requires the manufacturing facilities to be approved by industry regulators in certain territories prior to manufacture and sale of products in such territories . If the interval between

Notes to Consolidated Financial Statements for the year ended 31st March, 2016

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company and its Subsidiaries (contd.)

the date the facility is ready to commence commercial production and the date at which commercial production is expected to commence is prolonged, all expenses incurred during this period are treated as deferred revenue expenditure and amortised over a period not exceeding 3 years from the date of receipt of approvals.

2.22 Exceptional items

The Group classifies the following as exceptional items in the Statement of Profit and Loss:

a) Exchange gain/loss arising on account of restatement and settlement of (i) long term foreign currency loans and advances, (ii) intra-group loans and advances;

b) Profit/loss on disposal of non-current investments and/ or dividends received from proceeds of such disposal and provision for/ reversals of provision for diminution in non- current investments, goodwill and other assets;

c) Profit/loss arising on account of discontinuance of products/ development activities;

d) Restructuring cost.

2.23 Customs / Excise Duty

Excise Duty on finished goods and Custom Duty on imported materials are accounted on production of packed finished goods /receipt of material in custom bonded warehouses. All the closing stock of finished goods lying at Goa factory is for export, hence provision for excise duty is not made.

2.24 Additional information as required under Schedule III to the Companies Act,2013, of enterprises consolidated as Subsidiary

Name of the Enterprises	Net Assets i.e. total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount in ₹	As % of consolidated profit or loss	Amount in ₹
Parent				
Marksans Pharma Limited	93.04	4,22,69,84,920	91.05	71,48,55,231
Subsidiaries				
Marksans Pharma Inc	0.43	1,97,12,968	(7.32)	(5,74,88,943)
Marksans Pharma (UK) Limited	3.77	17,11,47,289	8.19	6,42,77,360
Nova Pharmaceuticals Australasia Pty Ltd	4.60	20,90,05,716	13.47	10,57,87,438
Minority Interests in Subsidiaries	(1.84)	(8,36,06,107)	(5.39)	(4,23,14,975)

Notes to Consolidated Financial Statements for the year ended 31st March, 2016

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company and its Subsidiaries (contd.)

2.25 Information of Subsidiaries

Particulars	Currency	Marksans Pharma (UK) Limited CONSOLIDATED	Currency	Nova Pharmaceuticals Australasia Pty Ltd	Currency	Marksans Pharma Inc
Capital	GBP	8492565	AUD	150	USD	25711167
	RS.	660258895	RS.	4781	RS.	1638236866
Reserve	GBP	2252236	AUD	4112326	USD	-861650
	RS.	171147289	RS.	209010487	RS.	19712969
Total Assets	GBP	24242299	AUD	5793370	USD	27443082
	RS.	2157555831	RS.	294321428	RS.	1830991454
Total Liabilities	GBP	24242299	AUD	5793370	USD	27443082
	RS.	2157555831	RS.	294321428	RS.	1830991454
Investment	GBP	-	AUD	-	USD	-
	RS.	-	RS.	-	RS.	-
Turnover	GBP	30222226	AUD	15481427	USD	23324917
	RS.	3010021887	RS.	785690161	RS.	1556229132
Profit/(Loss) Before Taxation	GBP	908423	AUD	2977802	USD	-1339664
	RS.	90475570	RS.	151124940	RS.	-89381846
Provision for Taxation	GBP	263044	AUD	893341	USD	-478014
	RS.	26198209	RS.	45337502	RS.	-31892903
Profit/(Loss) After Taxation	GBP	645379	AUD	2084461	USD	-861650
	RS.	64277360	RS.	105787438	RS.	-57488943
Dividend	GBP	-	AUD	2166667	USD	-
	RS.	-	RS.	109959434	RS.	-

2.26 Acquisition of Business/ Investment made during the Year

During the year, the Company has acquired 100% share capital of Time-Cap Laboratories, Inc, New York through a wholly owned subsidiary Marksans Pharma Inc., for a purchase consideration of USD 28.08 Mn (₹16382.37 Lakh). Time-Cap was founded in 1979 and is a leading manufacturer and marketer of solid dose generic pharmaceuticals, including private label over-the-counter ("OTC") medications, generic prescription drugs ("Rx"), and nutritional supplements. Time-Cap is a zero debt company.

2.27 Nature and extent of risks arising from financial instruments

The main financial risks faced by the Company relate to fluctuations in interest and foreign exchange rates, the risk of default by counterparties to financial transactions, and the availability of funds to meet business needs. The Balance Sheet as at March 31, 2016 is representative of the position through the year.

Credit Risk

Credit risk arises from Cash and Cash equivalents, financial instruments and deposits with banks and financial institutions. Credit risk also arises from trade receivables and other financial assets.

The credit risk arising from receivables is subject to concentration risk in that the receivables are predominantly denominated in USD and any appreciation in the INR will effect the credit risk. The Company is not significantly exposed to geographical distribution risk as the counterparties operate across various countries across the Globe.

Notes to Consolidated Financial Statements for the year ended 31st March, 2016

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company and its Subsidiaries (contd.)

Foreign exchange risk

The Group is exposed to foreign exchange risk principally via:-

i. Debt availed in foreign currencies.

ii. Net investments in subsidiaries that are in foreign currencies.

iii. Exposure arising from transaction relating to purchases, revenues, expenses etc, to be settled (within or outside the Group) in currencies other than the functional currency of the respective entities.

Liquidity Risk

Liquidity risk is managed using short term and long term Cash Flow forecasts.

Risk Management is carried out by the Risk Management Committee as per Risk Management Policy adopted by the Company.

2.28 Earnings per share

Earnings per share is calculated by dividing the profit/(loss) after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year as computed below:

	Particulars	2015-16 ₹	2014-15 ₹
	Earning Per Share (EPS)		
1)	Net profit as per the Statement of Profit and Loss available for equity shareholders	78,51,16,114	1,09,39,65,227
2)	Weighted average number of equity shares for Earnings Per Share computation		
a)	For Basic Earnings Per Share of ₹1/- each	40,93,13,698	40,93,13,698
b)	For Diluted Earnings Per Share of ₹1/- each		
	- No. of Share for Basic EPS as per 2 a	40,93,13,698	40,93,13,698
	- Add: Weighted average outstanding	-	-
	- No. of share for diluted earnings per share of ₹1/- each	40,93,13,698	40,93,13,698
3)	Earning Per Share (Weighted Average)		
	Basic	1.92	2.67
	Diluted	1.92	2.67

2.29 Research and development expenditure

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Fixed Assets.

The amount expensed by the Company as Research and Development costs during the last three financial years:-

(₹ in Lakh)

Financial Year	Revenue	Capital	Total Expenditure
2013-14	1,975.62	38.12	2,013.74
2014-15	1,719.83	21.30	1,741.13
2015-16	768.10	38.07	806.17

Notes to Consolidated Financial Statements for the year ended 31st March, 2016

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company and its Subsidiaries (contd.)

2.30 Related Party Disclosures

(a) List of Related Parties

Subsidiaries

Marksans Pharma (UK) Limited
Marksans Holdings Limited
Bell, Sons and Co. (Druggists) Limited
Relonchem Limited
Marksans Pharma Inc.
Time-Cap Laboratories, Inc
Custom Coatings, Inc.
Marksans Realty LLC
Nova Pharmaceuticals Australasia Pty Ltd

Key Management Personnel (KMP)

Mr. Mark Saldanha - Managing Director
Mrs. Sandra Saldanha - Whole-time Director
Dr. Vinay Gopal Nayak - Whole-time Director
Mr. Jitendra Sharma - Chief Financial Officer
Mr. Harshavardhan Panigrahi - Company Secretary

Relatives of KMP

Mrs. Sandra Saldanha is spouse of Mr. Mark Saldanha (Managing Director)
Mr. Mark Saldanha is spouse of Mrs. Sandra Saldanha (Whole-time Director)

Companies in which KMP is interested

Marksans Pharma (UK) Limited
Marksans Holdings Limited
Bell, Sons and Co. (Druggists) Limited
Relonchem Limited
Marksans Pharma Inc.
Time-Cap Laboratories, Inc
Custom Coatings, Inc.
Marksans Realty LLC
Nova Pharmaceuticals Australasia Pty Ltd

Note: Mr. Mark Saldanha/ Mrs. Sandra Saldanha/ Mr. Jitendra Sharma is/are Director in the above subsidiary(ies) as representative of Marksans Pharma Limited and have no personal interest as director of those subsidiary(ies). They do not own any shares in the subsidiary(ies) in which they are Directors.

As required by Accounting Standard 18 "Related Parties Disclosure" issued by The Institute of Chartered Accountants of India, list of parties with whom transactions have taken place during the year are as follows:

Notes to Consolidated Financial Statements for the year ended 31st March, 2016

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company and its Subsidiaries (contd.)

(b) Key Management Personnel / Directors - Remuneration:

	2015-16 (₹ in Lakh)	2014-15 (₹ in Lakh)
Mr.Mark Saldanha	67.60	19.02
Mrs. Sandra Saldanha	70.30	36.26
Dr. Balwant S. Desai (upto 21.03.2016)	63.44	73.81
Dr. Vinay G. Nayak (w.e.f. 21.03.2016)	5.86	-
Mr. Jitendra Sharma	70.64	76.83
Mr. Harshavardhan Panigrahi	14.88	12.66
Total	**292.72**	**218.58**

Rent paid to Mr. Mark Saldanha of ₹102.93 Lakh during the year.

(c) Parties where control exists

Subsidiary Companies

Marksans Pharma (UK) Limited

Time-Cap Laboratories, Inc

Nova Pharmaceuticals Australasia Pty Ltd

(d) Related party relationships where transactions have taken place during the year

Marksans Pharma (UK) Limited - Subsidiary Company

Time-Cap Laboratories, Inc - Subsidiary Company

Nova Pharmaceuticals Australasia Pty Ltd - Subsidiary Company

(e) Transactions with related parties during the year

	2015-16 (₹ in Lakh)	2014-15 (₹ in Lakh)
Subsidiary company		
Sale of Finished products	14748.09	15112.55
Dividend received	638.40	0.00
Purchase of Raw Material	0.00	5.53
Balances outstanding at the end of the year		
Receivable from subsidiary	6520.80	4069.97

2.31 Provisions, Contingent Liabilities & Contingent Assets

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is possible obligation or a present obligation that the liklihood of outflow of resouces is remote, no provision or disclosure is made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

Notes to Consolidated Financial Statements for the year ended 31st March, 2016

2 Significant Accounting Policies used in preparation of the Financial Statements of the Company and its Subsidiaries (contd.)

Contingent liabilities and commitments (to the extent not provided for)

Particulars	2015-16 (₹ in Lakh)	2014-15 (₹ in Lakh)
Contingent Liabilities		
a) Claims against the company not acknowledged as debt	24.07	20.60
b) Guarantees and Letter of Credit	939.37	1663.41
c) Other money for which the company is contingently liable		
Sales Tax		
Sales Tax (BST,CST) – 03-04	-	5.06
Sales Tax (BST,CST) – 04-05	7.90	7.90
	971.34	**1696.97**

2.32 Foreign Currency Convertible Bonds (Bonds)

The Company had filed a suit against a Bond holder in the High Court of England for their specific performance to surrender the outstanding bonds for payment of USD 5,250,000 under the settlement agreement. Subsequently, High Court of England passed order directing Peter Beck & Partner to surrender the bonds for payment in accordance with the settlement agreement. Accordingly, during the financial year 2015-16, Peter Beck & Partner surrendered their bonds to the Company and the Company paid the settlement amount of USD 5,250,000 to them.

2.33 Corporate Social Responsibility (CSR)

Corporate Social Responsibility expenditure for the year is Nil.

2.34 Exceptional Items

Sr. No.	Particulars	2015-16 (₹ in Lakh)	2014-15 (₹ in Lakh)
1	Goodwill Amortisation (Note No.11)	721.84	282.51
2	Acquisition Costs (Note No. 2.35 b)	1160.92	-
3	Write-Off of Inventory (Note No. 2.35 b)	800.64	Nil
4	IT System Automation (Note No. 2.36)	980.78	-

2.35 Subsidiaries

a Marksans Pharma UK Limited

Marksans Pharma UK Limited, through its step down subsidiaries Bell, Sons & Co (Druggists) Ltd and Relonchem Ltd, has achieved revenue of GBP 30.22 Mn as against revenue of GBP 33.69 Mn achieved during last year. Profit after tax for the year was GBP 0.65 Mn as against GBP 3.89 Mn during last year.

Though, UK based business is witnessing higher volumes and market growth, however, it is negated by price erosion on account of higher competition, channel consolidation and government action on pricing/ reimbursement.

Notes to Consolidated Financial Statements for the year ended 31st March, 2016

2 **Significant Accounting Policies used in preparation of the Financial Statements of the Company and its Subsidiaries** (contd.)

b **Marksans Pharma Inc. USA**

On June 22, 2015, the group acquired 100% share capital of Time-Cap Laboratories Inc. for a cash consideration of USD 28.08 Mn.

Asset Price Allocation	Amount in USD
Consideration – Cash paid	2,80,79,293
Fair value of assets & liabilities acquired	
Property & equipment	71,71,455
Cash	52,80,106
Debtors	38,63,949
Inventories	48,49,475
Prepaids	2,51,210
Trade & other payables	(11,32,372)
Accrued expenses & capital lease obligation	(7,21,852)
Total identifiable net assets	1,95,61,971
Goodwill	85,17,322

Marksans Pharma Inc. through its step down subsidiary, Time-Cap Laboratories Inc. has achieved revenue of USD 23.32 Mn (nine months) and net loss of USD 0.86 Mn. Time-Cap Laboratories Inc. has taken one off inventory adjustment of around USD 1.2 Mn, One time acquisition cost of USD 1.74 Mn has also been charged to the Statement of Profit and Loss for the year.

Goodwill arising on the acquisition of Time-Cap Laboratories Inc. is attributable to synergies expected to arise from the combination of the acquired assets, businesses and Marksans global sales, production & marketing networth. During the year, depreciation & amortization costs came in higher at USD 0.91 Mn on account of higher amortization towards Time-Cap Laboratories Inc. consolidation.

Integration of Marksans operations with Time-Cap Laboratories Inc. is under transition.

c **Nova Pharmaceuticals Australasia Pty Ltd**

Nova Pharmaceuticals Australasia Pty Ltd has achieved sales of AUD 15.48 Mn as against sales of AUD 10.82 Mn achieved during last year. Profit after tax for the year was AUD 2.08 Mn as against AUD 1.19 Mn during last year.

The robust growth has come from higher market share and also due to launch of new products into the market.

2.36 Information Technology Initiative

The Company is implementing state of the art IT applications in automating the processes in Quality, Manufacturing and R & D. The Company is also investing significant amount of resources to build IT platform to de-risk the manufacturing process and to adopt best practices in the industry. The implementations spread across lab automation, instrument integration and manufacturing execution systems. The IT transformation programme is planned for roll out in phases commencing from April 2016 to the production environment.

2.37 Change Management

Marksans has hired top-notch professional senior management team at corporate and at site, who have rich experience of the best practices, knowledge base and leadership.

The list includes Executive Director, Site Director, Corporate QA, Experienced QC, Regulatory, Manufacturing and Human Resource leaders.

2.38 New Approvals

Marksans is currently marketing 10 approved ANDAs in USA. It has made 10 more ANDA filings which are awaiting approval. During the 1st quarter of FY17, the Company received ANDA approval for Metformin Hydrochloride Extended Release(ER) USP 500 mg and 750 mg Tablets. The product has market size of around USD 230 Mn.

2.39 Figures of the previous year have been regrouped and re-arranged wherever necessary, so as to make them comparable with the current year's figures.

Notes to Consolidated Financial Statements for the year ended 31st March, 2016

Particulars	31st March, 2016		31st March, 2015	
	Number	₹	Number	₹
Note No. 3 Share Capital				
Authorised				
Equity Shares of ₹1/- each	55,00,00,000	55,00,00,000	55,00,00,000	55,00,00,000
7% Redeemable Cumulative Preference Shares of ₹100/- each	14,00,000	14,00,00,000	14,00,000	14,00,00,000
Total	**55,14,00,000**	**69,00,00,000**	**55,14,00,000**	**69,00,00,000**
Issued, Subscribed & Paid up				
Equity Shares of ₹1/- each	40,93,13,698	40,93,13,698	40,93,13,698	40,93,13,698
7% Redeemable Cumulative Preference Shares of ₹100/- each	12,50,000	12,50,00,000	12,50,000	12,50,00,000
Total	**41,05,63,698**	**53,43,13,698**	**41,05,63,698**	**53,43,13,698**

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

Particulars	Equity Shares of ₹1/- each		7% Redeemable Cumulative Preference Shares of ₹100/- each	
	Number	₹	Number	₹
Shares outstanding at the beginning of the year	40,93,13,698	40,93,13,698	12,50,000	12,50,00,000
Shares Issued during the year	-	-	-	-
Shares bought back/redeemed during the year	-	-	-	-
Shares outstanding at the end of the year	40,93,13,698	40,93,13,698	12,50,000	12,50,00,000

b. **Terms/rights attached to Equity Shares**

The Company has only one class of Equity Shares having a par value of ₹1/- per share. All the Equity Shares rank pari passu in all respect. Each holder of Equity Shares is entitled to one vote per share. The equity share holders are entitled to dividend, if declared by the members in an Annual General Meeting, in proportion to the number of Equity Shares held by the members.

In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the members.

c. **Terms/rights attached to Preference Shares**

The preference shares carry dividend at the rate of 7% per annum subject to approval of the members at an Annual General Meeting. The holder of the preference shares is entitled to one vote per share only on resolutions placed before the Company which directly affect the rights attached to the preference shares. In the event of liquidation of the Company before redemption of the preference shares, the holder of the preference shares will have priority over equity shares in the payment of dividend and repayment of capital.

d. The company has not issued bonus shares and shares for consideration other than cash nor the company has bought back any shares during the period of five years immediately preceding the reporting date except redemption of 100,000 preference shares at par on 07.02.2015.

e. As on 31st March, 2016, 61 Foreign Currency Convertible Bonds (Bonds) of USD 1000 each in principal value are outstanding as the respective bond holders are untraceable. In accordance with the terms of the issue of the Bonds, these Bonds carry conversion rights until they are redeemed or repurchased. Accordingly, 81,314 equity shares of ₹1/- each will be issued in case the bond holders opt for the conversion of the said 61 Bonds into equity shares.

Notes to Consolidated Financial Statements for the year ended 31st March, 2016

Note No.3 Share Capital (contd.)

f. Details of shareholders holding more than 5% shares in the Company

Name of Shareholder	31st March, 2016		31st March, 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity Shares of ₹1/- each fully paid				
Mr. Mark Saldanha	19,74,91,553	48.25	19,74,91,553	48.25
7% Redeemable Cumulative Preference Shares of ₹100/- each fully paid				
Glenmark Pharmaceuticals Limited	12,50,000	100	12,50,000	100

Particulars	31st March, 2016 ₹	31st March, 2015 ₹
Note No. 4 Reserves & Surplus		
a. Capital Reserves	1,22,500	1,22,500
	1,22,500	**1,22,500**
b. Capital Redemption Reserve		
Opening Balance	1,00,00,000	-
(+) Transferred from Profit and Loss	-	1,00,00,000
Closing Balance	**1,00,00,000**	**1,00,00,000**
c. Securities Premium Account		
Opening Balance	1,75,13,17,328	46,28,88,795
(+) Securities premium credited on Share issue	-	1,28,84,28,533
Closing Balance	**1,75,13,17,328**	**1,75,13,17,328**
d. General Reserve		
Opening Balance	3,13,73,65,569	3,05,85,97,200
(+) Current Year Transfer	-	7,87,68,369
(-) Written Back in Current Year	-	-
Closing Balance	**3,13,73,65,569**	**3,13,73,65,569**
e. Exchange Fluctuation A/c	**3,02,10,571**	**(10,98,87,211)**
	3,02,10,571	**(10,98,87,211)**
e. Surplus		
Opening balance	(1,52,55,93,219)	(2,53,98,42,592)
(+) Net Profit/(Net Loss) For the current year	78,51,16,114	1,09,39,65,227
(-) Transfer to Capital Redemption reserve	-	(1,00,00,000)
(-) Proposed Dividend	(16,78,27,077)	(5,78,67,644)
(-) Dividend Distribution Tax on Proposed Dividend	(1,17,80,695)	(1,18,48,210)
Closing Balance	**(92,00,84,877)**	**(1,52,55,93,219)**
Total	**4,00,89,31,091**	**3,26,33,24,967**

Note No. 5 Long Term Borrowings

-	-	-
Total	**-**	**-**

Notes to Consolidated Financial Statements for the year ended 31st March, 2016

Particulars	31st March, 2016 ₹	31st March, 2015 ₹
Note No. 6 Deferred tax liabilities (Net)		
Deferred Tax Liabilities : DTL		
Related to Fixed Assets	-	2,02,29,044
Add: Deferred Tax Liabilty of Marksans Pharma UK Ltd.	-	95,18,491
Deferred Tax Assets : DTA	-	
Disallowances under Income Tax Act, 1961	-	1,51,96,638
Net DTA / DTL	**-**	**1,45,50,897**

Note No. 7 Short Term Borrowings

Secured		
Working Capital facilities from Bank	87,89,29,105	82,18,56,156
Total	**87,89,29,105**	**82,18,56,156**

Note No. 7.1

Working Capital facilities are secured by hypothecation by way of first charge on all current assets, receivables, book debts and other movables of the Company in favour of the consortium on pari passu basis and by equitable mortgage by way of second charge of the immovable properties comprising of land and buildings and erections both present and future situated at Plot No. L-82 & L-83, Verna Industrial Estate, Verna, Goa in favour of the consortium on pari passu basis.

Note No. 8 Trade Payable

Trade Payable	1,18,98,01,764	1,07,01,95,350
Total	**1,18,98,01,764**	**1,07,01,95,350**

Trade Payable Includes general and miscellaneous creditors.

Note No. 9 Other Current Liabilities

a. Current maturities of Term Loan	-	6,38,84,874
b. Current maturities of Vehicle Loan	21,509	1,54,043
c. Foreign Currency Convertible Bonds	58,61,455	33,42,18,095
d. Unclaimed Dividend	8,66,166	5,38,612
e. Deposits	10,000	10,000
Total	**67,59,130**	**39,88,05,624**

9.1 Foreign Curreny Convertible Bonds (Bonds)

The Company had issued 50,000 Bonds of USD 1,000 each in principal value during the year 2005. Out of that, the Copmpany has bought back and extinguished 49,939 Bonds. As on 31.03.2016, only 61 Bonds of USD 1,000 each in Principal value (Out of total 50,000 issued) are outstanding as the respective bond holders are untraceable. Adequate provisions have been made in the books of account. Accordingly, the current outstanding is USD 88,572 (₹5,861,455) as on 31st March, 2016.

Notes to Consolidated Financial Statements for the year ended 31st March, 2016

Particulars	31st March, 2016 ₹	31st March, 2015 ₹
Note No. 10 Short Term Provisions		
a. Provision for Gratuity and compensated absences		
- Gratuity	1,41,32,971	68,62,445
- Compensated absences	5,04,01,104	4,17,46,387
b. Others	15,71,28,064	19,19,97,328
c. Proposed Dividend	5,78,67,644	5,78,67,644
d. Dividend Distribution Tax on Proposed Dividend	1,17,80,695	1,18,48,210
e. Income Tax provision	22,75,20,122	26,11,75,697
Total	**51,88,30,600**	**57,14,97,711**

Notes to Consolidated Financial Statements for the year ended 31st March, 2016

Note No. 11 Fixed Assets

Particulars	Gross Block					Accumulated Depreciation				Net Block	
	Balance as at 1 April 2015	Additions	Disposals	Impairments	Balance as at 31 March 2016	Balance as at 1 April 2015	Depreciation charge for the year	On disposals	Balance as at 31 March 2016	Balance as at 31 March 2016	Balance as at 31 March 2015
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Tangible Assets											
Land	96,65,840	41,41,953	-	-	1,38,07,793	-	-	-	-	1,38,07,793	96,65,840
Buildings	51,09,88,550	38,03,45,314	-	-	89,13,33,864	9,58,91,301	2,49,98,826	-	12,08,90,127	77,04,43,737	41,50,97,249
Plant and Equipment	98,97,55,875	30,85,46,366	19,52,247	-	1,29,63,49,994	47,53,06,721	9,13,27,578	11,23,111	56,55,11,188	73,08,38,806	51,44,49,154
Furniture and Fixtures	3,22,23,809	1,35,61,292	0	-	4,57,85,101	52,30,789	44,35,358	-	96,66,147	3,61,18,954	2,69,93,020
Vehicles	6,22,56,441	69,12,833	9,28,170	-	6,82,41,104	99,05,494	68,13,298	8,11,704	1,59,07,088	5,23,34,016	5,23,50,947
Office equipment	70,07,197	1,59,06,234	0	-	2,29,13,431	31,27,317	22,02,669	0	53,29,986	1,75,83,445	38,79,880
Computer and Software	2,89,26,691	2,20,99,601	-	-	5,10,26,292	2,76,58,258	31,06,716	-	3,07,64,974	2,02,61,318	12,68,433
Total (a)	**1,64,08,24,403**	**75,15,13,593**	**28,80,417**	**-**	**2,38,94,57,579**	**61,71,19,880**	**13,28,84,445**	**19,34,815**	**74,80,69,510**	**1,64,13,88,069**	**1,02,37,04,523**
Intangible Assets											
Goodwill	45,26,59,117	56,82,72,317	-		1,02,09,31,434	16,97,32,489	7,21,84,181	0	24,19,16,670	77,90,14,764	28,29,26,628
Prescription Product Licences	36,57,23,644	0	-		36,57,23,644	13,89,65,839	2,42,36,262		16,32,02,101	20,25,21,543	22,67,57,805
OTC Product Licences	48,32,081	0	-		48,32,081	21,22,877	5,86,821		27,09,698	21,22,383	27,09,204
Internally Generated ANDA,Market Authorisations, Product Licences & Others	51,37,86,881	-	-	-	51,37,86,881	39,09,09,801	5,13,78,688	-	44,22,88,489	7,14,98,392	12,28,77,080
Total (b)	**1,33,70,01,723**	**56,82,72,317**	**0**	**0**	**1,90,52,74,040**	**70,17,31,006**	**14,83,85,952**	**-**	**85,01,16,958**	**1,05,51,57,082**	**63,52,70,717**
Total (a+b)	**2,97,78,26,126**	**1,31,97,85,910**	**28,80,417**	**0**	**4,29,47,31,619**	**1,31,88,50,886**	**28,12,70,397**	**19,34,815**	**1,59,81,86,468**	**2,69,65,45,151**	**1,65,89,75,240**
Previous year figure	2,61,70,45,178	36,43,49,737	35,68,789	0	2,97,78,26,126	1,16,05,49,313	16,13,40,167	30,38,594	1,31,88,50,886	1,65,89,75,240	1,45,64,95,865

Note No. 11.1

Land held on leasehold basis. Building includes those constructed on leasehold land.

Note No. 11.2

Addition to Fixed Assets include capital expenditure incurred for Research and Development during the last three financial years:

Capital Expenditure	Amount (₹ In Lakh)
2015-16	38.07
2014-15	21.30
2013-14	38.12

Notes to Consolidated Financial Statements for the year ended 31st March, 2016

Particulars	31st March, 2016 ₹	31st March, 2015 ₹
Note No. 12 Long Term Loans and Advances		
Unsecured, considered good	10,40,61,739	82,56,654
Total	**10,40,61,739**	**82,56,654**

Note No. 13 Deferred tax Assets (Net)

Deferred Tax Assets : DTA		
Disallowances under Income Tax Act, 1961	1,51,96,638	-
Add: Dererred Tax Assets of Marksans Pharma Inc	3,24,33,065	-
Deferred Tax Liabilities : DTA		
Related to Fixed Assets	1,83,11,993	-
Add: Deferred Tax Liabilty of Marksans Pharma UK Ltd.	1,02,07,426	-
Net DTA / DTL	**1,91,10,284**	**-**

Note No. 14 Inventories

Raw Materials, Packing Materials,Work-in-Process, Finished Goods and Stock-in-Trade	1,67,79,17,477	1,30,10,67,804
Total	**1,67,79,17,477**	**1,30,10,67,804**

Note No. 15 Trade Receivables

Unsecured, considered good		
Outstanding for a period more than six months from due date	41,25,550	47,40,401
Others	2,16,88,04,120	1,82,98,03,213
Total	**2,17,29,29,670**	**1,83,45,43,614**

Note No. 16 Cash and cash equivalents

a. Balances with banks*	34,99,81,178	1,49,43,83,867
b. Cash in hand	10,90,553	6,30,028
c. Bank deposits with less than 12 months maturity	-	35,57,62,132
d. Margin Money	19,41,613	18,76,071
Total	**35,30,13,344**	**1,85,26,52,098**

* This Includes ₹13124.35 Lakh received against Issue of 24,006,494 equity shares under QIP (for March 2015).

Note No. 17 Short-term loans and advances

a. Advance recoverable in cash or kind		
Unsecured, considered good	19,75,93,830	10,00,51,025
Total	**19,75,93,830**	**10,00,51,025**

Notes to Consolidated Financial Statements for the year ended 31st March, 2016

Particulars	2015-16 ₹	2014-15 ₹
Note No. 18 Revenue from operations		
Sale of products	8,83,33,96,745	7,94,01,60,855
Other operating revenues	9,98,65,123	2,67,15,297
Less: Excise duty	-	-
Total	**8,93,32,61,868**	**7,96,68,76,152**

Note No. 19 Other income

Interest Income	2,47,90,298	3,27,62,393
Insurance Claim received	40,841	-
Other income	-	6,70,762
Dividend income	6,38,40,000	-
Total	**8,86,71,139**	**3,34,33,155**

Note No. 20 Cost of materials and components consumed

Cost of material and components consumed	3,41,26,99,496	2,77,74,38,550

Note No. 21 Changes in inventories of finished goods, work-in-process and stock-in-trade

Changes in inventories of finished goods, work-in-process and stock-in-trade	4,84,03,865	(1,29,98,570)

Note No. 22 Employee Benefits Expense

(a) Salaries and Wages	1,18,13,73,659	64,61,17,381
(b) Contributions to - Providend fund , E.S.I.C. and other fund	2,75,91,124	5,50,94,793
(c) Staff welfare expenses	1,52,09,181	2,48,48,257
Total	**1,22,41,73,964**	**72,60,60,431**

Note No. 23 Finance Costs

Interest expense	6,29,44,705	8,69,83,281
Others	3,38,85,617	3,11,28,701
Interest on Income Tax	-	1,52,16,776
Applicable net loss on foreign exchange	47,21,358	2,71,24,890
Total	**10,15,51,680**	**16,04,53,648**

Note No. 24 Depreciation and amortization expense

Depreciation on tangible assets	13,28,84,445	5,67,97,740
Amortization of intangible asssets	14,83,85,952	10,45,42,427
Total	**28,12,70,397**	**16,13,40,167**

Notes to Consolidated Financial Statements for the year ended 31st March, 2016

Particulars	2015-16 ₹	2014-15 ₹
Note No. 25 Other Expenses		
Water Charges	43,54,507	47,69,840
Power & Fuel	12,14,35,381	9,24,48,919
Freight Inward & Raw Material Clearing Charges	17,31,19,461	14,35,62,540
Repairs & Maintenance - Plant and Machinery	7,57,57,426	7,12,10,299
Repairs & Maintenance - Building	3,88,33,740	52,58,448
Other Manufacturing Expenses	9,88,18,852	6,13,53,283
Rent	4,61,68,429	3,17,09,704
Rates & Taxes	82,82,897	75,31,608
Travelling Expenses	3,31,50,519	2,21,53,019
Communication Expenses	1,04,82,545	99,75,849
Courier & Postage Expenses	1,70,05,241	15,79,718
Printing & Stationery	1,34,33,964	1,22,11,396
Audit Fees	52,02,976	37,31,662
Vehicle Expenses & Local Conveyance	1,95,56,996	1,51,98,337
Legal & Professional Fees	13,42,14,798	4,33,96,299
Office Expenses	1,70,10,663	15,07,337
Insurance Charges	7,51,22,043	1,97,18,948
Exchange Loss/(Gain)	(3,83,86,720)	(8,88,92,435)
Loss/(Profit) on sale of Fixed Assets	(92,401)	8,36,303
Other Operating Expenses	11,78,74,925	9,45,42,101
Freight Outward & Export Clearing Expenses	21,21,61,972	23,48,71,239
Expenses on issue of share under QIP	-	5,58,86,428
Selling & Distribution Expenses	6,59,78,122	9,46,64,631
Total	**1,24,94,86,336**	**93,92,25,473**

Note No. 25.1 Details of Payments to the Auditor

As Auditor	52,02,976	37,31,662
Total	**52,02,976**	**37,31,662**

For and on behalf of

N. K. Mittal & Associates
Chartered Accountants
F.NO. 113281W

N. K. Mittal
Proprietor
M. NO. 046785

Place : Mumbai
Date : 30.05.2016

For and on Behalf of the Board of Directors

Mark Saldanha
Chairman & Managing Director

Sandra Saldanha
Whole - time Director

Jitendra Sharma
Chief Financial Officer

Harshavardhan Panigrahi
Company Secretary & Legal Manager

Consolidated Statement of Cash Flow for the year ended as on 31st March, 2016

Particulars		31st March, 2016 ₹	31st March, 2015 ₹
A.	**Cash Flow From Operating Activities**		
	Profit/(Loss) Before Tax	**1,06,85,06,766**	**1,55,88,44,413**
	Adjustments to reconcile profit before tax and prior period items to cash provided by operations:		
	-Depreciation	28,12,70,397	16,13,40,167
	-Expenses on issue of share under QIP	-	5,58,86,428
	-Exchange Fluctuation Reserve	14,07,86,717	(3,02,81,716)
	-(Profit)/Loss on sale of Fixed Assets	(92,401)	8,36,303
	-Interest Expense	6,29,44,705	8,69,83,281
	-Dividend Income	(6,38,40,000)	-
	-Interest Income	(2,47,90,298)	(3,27,62,393)
	Operating Profit before working capital changes	**1,46,47,85,886**	**1,80,08,46,483**
	Movements in working capital :		
	(Increase)/Decrease in Inventories	(37,68,49,674)	(27,51,80,373)
	(Increase)/Decrease in Trade and other receivables	(33,83,86,056)	(13,84,71,294)
	(Increase)/Decrease in loans and advances	(19,33,47,890)	14,47,19,237
	Minority Interest	(3,97,10,900)	(1,10,23,789)
	Increase/(Decrease) in Trade Payable and Short term provisions	6,69,39,303	47,16,81,291
	Income Tax paid	(27,54,25,793)	(44,74,39,198)
	Net cash used in operating activities	**30,80,04,876**	**1,54,51,32,356**
B.	**Cash Flow provided by (used in) Investing Activities:**		
	(Purchase)/Sale of Fixed Assets	(1,31,87,47,906)	(36,46,55,845)
	Investment	-	-
	Dividend Income	6,38,40,000	-
	Interest Income	2,47,90,298	3,27,62,393
	Net Cash Flow provided by (used in) Investing Activities	**(1,23,01,17,608)**	**(33,18,93,452)**
C.	**Cash Flow provided by (used in) Financing Activities:**		
	Increase in Equity Share Capital	-	2,40,06,494
	Redemption of Preference Share Capital	-	(1,00,00,000)
	Increase in Share Premium	-	1,28,84,28,533
	Increase in General Reserve	-	7,87,68,369
	Proposed Dividend and Dividend Distribution Tax on it	(17,96,07,772)	(6,97,15,854)
	Proceeds/(Repayment) of Short Term and Long Term Borrowings	(33,49,73,545)	(99,86,74,621)
	Interest Expense	(6,29,44,705)	(8,69,83,281)
	Expenses on issue of share under QIP	-	(5,58,86,428)
	Net Cash Flow provided by (used in) Financing Activities	**(57,75,26,022)**	**16,99,43,212**
	Net Increase /(Decrease) in Cash and Bank Balances	**(1,49,96,38,754)**	**1,38,31,82,116**
	Cash & Bank Balances as at 31.03.2015	**1,85,26,52,098**	**46,94,69,982**
	Cash & Bank Balances as at 31.03.2016	**35,30,13,344**	**1,85,26,52,098**
		(1,49,96,38,754)	**1,38,31,82,116**

Notes :

1 The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.

2 The Previous year's figures have been regrouped wherever necessary in order to conform to this year's presentation.

For and on behalf of

N. K. Mittal & Associates
Chartered Accountants
F.NO. 113281W

N. K. Mittal
Proprietor
M. NO. 046785

Place : Mumbai
Date : 30.05.2016

For and on Behalf of the Board of Directors

Mark Saldanha
Chairman & Managing Director

Sandra Saldanha
Whole - time Director

Jitendra Sharma
Chief Financial Officer

Harshavardhan Panigrahi
Company Secretary & Legal Manager

Marksans Pharma Limited

CIN: L24110MH1992PLC066364

Regd Office: 11th Floor, Grandeur, Veera Desai Extension Road, Oshiwara, Andheri (W), Mumbai – 400053.

Website: www.marksanspharma.com, E-mail: companysecretary@marksanspharma.com

NOTICE

To
The Members of
Marksans Pharma Limited

NOTICE is hereby given that the Twenty Fourth (24th) Annual General Meeting of the Members of Marksans Pharma Limited will be held on Thursday, the 29th September, 2016 at GMS Community Centre Hall, Sitladevi Complex, 1st Floor, D.N. Nagar, Link Road, Andheri (W), Mumbai 400 053, at 10:30 a.m. to transact the following business:

Ordinary Business

1. To consider and adopt:
   (a) the audited Financial Statements of the Company for the financial year ended 31st March, 2016, the Reports of the Board of Directors and Auditors thereon; and

   (b) the audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2016 and Reports of the Auditors thereon.

2. To declare dividend on equity shares and preference shares for the financial year ended 31st March, 2016.

3. To appoint a Director in place of Mrs. Sandra Saldanha (DIN: 00021023), who retires by rotation and being eligible offers herself for re-appointment.

4. To appoint auditors and fix their remuneration and in this regard to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

   "RESOLVED THAT M/s N. K. Mittal & Associates, Chartered Accountants (Firm Registration No. 113281W) be and are hereby appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at such remuneration as shall be fixed by the Board of Directors based on recommendation of the Audit Committee of the Company."

Special Business

5. To appoint Dr. Vinay Gopal Nayak (DIN: 02577389) as a Director and in this regard to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

   "RESOLVED THAT pursuant to the provisions of Section 152 and any other applicable provisions, if any, of the Companies Act, 2013, Dr. Vinay Gopal Nayak (DIN: 02577389), who was appointed as an Additional Director at the Board Meeting held on 21st March, 2016 and whose term of office expires at the commencement of this Annual General Meeting and in respect of whom notice under Section 160 of the Companies Act, 2013 has been received from a member signifying his intention to propose Dr. Vinay Gopal Nayak as a candidate for the office of the Director of the Company together with necessary deposits, be and is hereby appointed as a Director of the Company liable to retire by rotation."

6. To approve the appointment of Dr. Vinay Gopal Nayak (DIN: 02577389) as a Whole-time Director and in this regard to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

   "RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment thereof for the time being in force) and the Articles of Association of the Company and on the basis of the recommendation of Nomination and Remuneration Committee, appointment of Dr. Vinay Gopal Nayak (DIN: 02577389) as a Whole-time Director of the Company, designated as Executive Director, for a period of three (3) years with effect from 21st March, 2016, be and is hereby approved on the following remuneration:

Particulars	(Amount in ₹)
- Basic	9,00,000.00
- HRA	4,50,000.00
- Education Allowance	3,00,000.00
- Leave Travel Allowance	50,000.00
- Medical Reimbursement	1,250.00
- Company's contribution to Provident Fund	1,08,000.00
- Gratuity contribution	34,200.00
- Other Allowance	1,14,883.33
Total Remuneration (Fixed) Per Month	**19,58,333.33**
Total Remuneration (Fixed) Per Annum	**2,35,00,000.00"**

"RESOLVED FURTHER THAT Dr. Vinay Gopal Nayak shall be entitled to KRA based Variable Pay of upto ₹45,00,000.00 and EBITA based Company Incentive of upto ₹20,00,000.00 in a year as discussed and approved by the Board of Directors of the Company."

"RESOLVED FURTHER THAT the remuneration payable to Dr. Vinay Gopal Nayak shall be subject to deduction of tax as per the provisions of the Income Tax Act."

"RESOLVED FURTHER THAT the remuneration payable to Dr. Vinay Gopal Nayak shall not exceed the limits laid down in Section 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013."

"RESOLVED FURTHER THAT in case in any financial year during the currency of the tenure of Dr. Vinay Gopal Nayak, the Company has no profits or its profits are inadequate, the Company will pay remuneration as specified above as the minimum remuneration, provided that the total remuneration shall not exceed the ceiling as provided in Section II of Part II of Schedule V of the Companies Act, 2013."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to increase the remuneration of Dr. Vinay Gopal Nayak during his tenure within the limits laid down in Section 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and based on recommendation of the Nomination and Remuneration Committee of the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as may be necessary in this regard."

7. To approve Marksans Employees Stock Option Scheme 2016 and in this regard to consider and if thought fit, to pass the following resolution as **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 62(1)(b) and other applicable provisions, if any, of the Companies Act, 2013 and SEBI (Share Based Employee Benefits) Regulations, 2014 (including any amendment thereto or re-enactment thereof) and in accordance with the provisions of the Memorandum and Articles of Association of the Company and subject to such approvals, consents, permissions and sanctions, as may be required, "MARKSANS EMPLOYEES STOCK OPTION SCHEMES 2016 (hereinafter referred to as "MARKSANS ESOS 2016") for the benefit of present and future permanent employees of the Company and its directors, whether whole-time director or not but excluding promoters and independent directors, be and is hereby approved as per the salient features mentioned in the Explanatory Statement annexed herewith, provided that the total number of options that can be granted under MARKSANS ESOS 2016 shall not exceed 81,86,273 options, convertible into equivalent number of equity shares of ₹1/- each face value of the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company ("Board") which term shall be deemed to include the "Compensation Committee" constituted by the Board to exercise its powers (including the powers conferred by this resolution) be and is hereby authorized, on behalf of the Company to grant from time to time in one or more tranches, options to apply for Equity Shares of the face value of ₹1/- each of the Company under the said MARKSANS ESOS 2016 and consequently create, issue, allocate and allot at any time and from time to time equity shares of ₹1/- each face value in terms of such options."

"RESOLVED FURTHER THAT options and the consequential issue, allocation and allotment of equity shares under the said MARKSANS ESOS 2016 shall be at such price including at a discount, in such manner, during such period, in one or more tranches and on such other terms and conditions as the Board may decide."

"RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issue, bonus issue, buy-back of shares, split or consolidation of shares, amalgamation, sale of undertaking, etc. resulting into change in the capital structure of the Company, the Board be and is hereby authorised to make such adjustments as it may deem fit to the quantum of shares to be issued pursuant to the exercise of the options, the exercise price, and other rights and obligations under the options."

"RESOLVED FURTHER THAT the equity shares to be allotted under the said MARKSANS ESOS 2016 shall, upon allotment, rank pari passu in all respects interse as also with the then existing equity shares including dividend entitlement."

"RESOLVED FURTHER THAT to determine all other terms and conditions for the purpose of giving effect to any grant of options and consequent issue and allotment of equity shares under the said MARKSANS ESOS 2016, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in this regard including to amend or modify any of the terms and conditions of the grant of options and consequent issue and allotment of equity shares without being required to seek any further consent or approval of the members of the Company."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to:-

(a) Administer, implement and superintend MARKSANS ESOS 2016;

(b) Determine the terms and conditions of grant, issue, re-issue, cancel and withdrawal of options from time to time;

(c) Formulate, approve, evolve, decide upon and bring into effect, suspend, withdraw or revive MARKSANS ESOS 2016 and any sub-scheme or plan for the purpose of grant of options under MARKSANS ESOS 2016 and to make any modifications, changes, variations, alterations or revisions in such sub-scheme or plan from time to time."

"RESOLVED FURTHER THAT Nomination and Remuneration Committee of Directors of the Company be and is hereby designated as the Compensation Committee referred here in above for MARKSANS ESOS 2016."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the equity shares to be allotted under MARKSANS ESOS 2016 on National Stock Exchange of India Limited and BSE Limited where the Company's equity shares are listed, as per the terms and conditions of the Listing Agreements with them and in accordance with such other guidelines, rules and regulations as may be applicable with regard to such listing."

By order of the Board of Directors

Harshavardhan Panigrahi
Company Secretary and Manager Legal

Mumbai
Dated: 13th August, 2016

Registered Office: 11th Floor, Grandeur, Veera Desai Extension Road, Oshiwara, Andheri (West), Mumbai-400 053

Notes:

a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE MEMBER OF THE COMPANY. The instrument appointing the proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting. A proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.

A person can act as a proxy on behalf of members not exceeding 50 and holding in aggregate not more than 10 percent of the total share capital of the company. A member holding more than 10 percent of the total share capital of the company may appoint a single person as proxy and such person shall not act as a proxy for any other person or member.

b) The Register of Members and Share Transfer Books of the Company will be closed from Saturday, the 24th September, 2016 and will remain closed till Thursday, the 29th September, 2016 (both days inclusive) for the purpose of Annual General Meeting and payment of dividend, if declared at the Annual General Meeting.

c) Dividend, if declared at the Annual General Meeting, will be credited /dispatched on or after 3rd October, 2016 to those members whose names shall appear on the Company's Register of Members on 23rd September, 2016. In respect of the shares held in dematerialised form, dividend will be paid to the beneficial owners whose names will be furnished by the Depositories as on that date. Members are requested to notify promptly any change in their registered address.

d) Pursuant to the provision of Section 124 and 125 of the Companies Act, 2013, dividend which remains unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account are required to be transferred to the Investor Education and Protection Fund ("IEPF") established by the Central Government. Members who have not encashed the dividend warrant(s) for the financial years ended March 31, 2014 and March 31, 2015 are requested to make their claims to the Company's Registrar and Share Transfer Agent Bigshare Services Private Limited, without any delay.

Due date for transfer of unclaimed dividend to IEPF:

Year of Dividend	Dividend rate per share (₹)	Date of Declaration	Due date of transfer to IEPF
2013-14	0.10	25th September, 2014	31st October, 2021
2014-15	0.12	29th September, 2015	3rd November, 2022

e) Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrar and Transfer Agent, Bigshare Services Private Limited cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant by the members.

f) 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 the PAN to their Depository Participants with whom they are maintaining their demat account. Members holding shares in physical form can submit their PAN details to the Company's Registrar and Transfer Agent.

g) Members desiring any information as regards the Accounts are requested to write to the Company at least 7 days in advance so as to enable the Management to keep the information ready.

h) Members holding shares in physical form are requested to immediately intimate to the Company's Registrar and Transfer Agent, changes, if any, in their registered address along with the PIN code. Members holding shares in dematerialized mode are requested to forward intimation for change of address, if any, to their respective Depository Participants.

i) Trading in the Company's shares through Stock Exchange is permitted only in dematerialized /electronic form. The equity shares of the Company have been inducted in both National Securities Depository Limited and Central Depository Services (India) Limited to enable members to hold and trade the securities in dematerialized /electronic form. In view of the numerous advantages offered by the Depository System, members holding shares of the Company in physical form are requested to avail of the facility of dematerialization.

j) In terms of provisions of the Companies Act, 2013, nomination facility is available to individual members. The members who are holding shares in physical form and are desirous of availing this facility may kindly write to the Company's Registrar and Transfer Agent Bigshare Services Private Limited for nomination form quoting their folio number. Members holding shares in dematerialized form should write to their Depository Participant for the purpose.

k) Brief resume of Directors proposed to be appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships/ chairmanships of Board Committees, shareholding and relationships between directors inter se as stipulated under Regulation 36 of SEBI (LODR) Regulation 2015 are provided in the Corporate Governance Report forming part of the Annual Report.

l) Members/ Proxies should bring their attendance slip duly filled in, for attending the meeting and also their copy of the Annual Report.

m) In terms of Section 108 of the Companies Act, 2013 read with Rule 20 (2)(vii) of the Companies (Management and Administration) Rules, 2014 and Regulations 44 of SEBI (LODR) Regulations, 2015, the Company is providing the facility to its Members, being eligible to vote, to exercise their right to vote by electronic means on any or all of the businesses specified in the accompanying Notice.

n) In compliance with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company has considered Friday, 23rd September, 2016 to determine the eligibility of members to vote by electronic means or through physical ballot at the AGM (Cut-off date). The persons whose names appear on the Register of Members/ List of Beneficial Owners as on Cut-off date would be entitled to vote through electronic means or through physical ballot at the AGM.

o) The Company has engaged the services of CDSL to provide e-voting facilities and for security and enabling the members to cast their vote in a secure manner. The members may cast their votes on electronic voting system from place other than the venue of the meeting (remote e-voting). The remote e-voting facility will be available during the following Period:

Commencement of remote e-voting: On Monday, 26th September, 2016 at 10.00 a.m.
Conclusion of remote e-voting: On Wednesday, 28th September, 2016 at 05.00 p.m.

The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by CDSL upon expiry of aforesaid period.

p) The persons who have become the Members of the Company after the dispatch of the Notice and Annual Report and their names appear in the Register of Members/ List of Beneficial owners as on the Cut-off date may contact the Registrar and Transfer Agent to obtain the Notice of AGM and the login id and password for casting vote electronically or may cast their vote through physical ballot at the AGM. If a Member is already registered with CDSL e-voting Platform then he can use his existing user ID and Password for casting the vote through remote e-voting. Detail of the process and manner of remote e-voting is being sent to all the Members along with the Notice.

q) 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.

r) Poll at the Meeting
After the items of the notice have been discussed, the Chairman will order poll in respect of the items. Poll will be conducted and supervised under the Scrutinizer appointed for remote e-voting and poll as stated above. 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 and who have not cast their vote by remote e-voting, and being present at the AGM either personally or through proxy, only shall be entitled to vote at the AGM. After conclusion of the

poll, the Chairman shall declare the meeting as closed. The results of the poll aggregated with the results of remote e-voting will be announced by the Company on its website: www.marksanspharma.com within 48 hours of conclusion of the AGM and also inform the stock exchanges where the securities of the Company are listed.

Instructions and other information relating to e-voting is annexed to this notice as E-Voting Instruction for Member.

s) A statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.

t) Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the registered office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.

u) A route map and prominent land mark for easy location to the venue of AGM is given on the back of the Proxy Form attached to this Notice.

v) **Members who have not registered their e-mail addresses so far are requested to register their e-mail address with the Company's Registrar and Transfer Agent for receiving all communication including Annual Report, Notices, etc. from the Company electronically**.

Explanatory Statement Pursuant to Section 102(1) of the Companies Act, 2013.

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice.

Item No. 5 and 6

The Board of Directors of the Company at its meeting held on 21st March, 2016 appointed Dr. Vinay Gopal Nayak (DIN: 02577389) as an additional director of the Company effective from 21st March, 2016. His tenure as an additional director will expire on 29th September, 2016 being the date of the next Annual General meeting.

The Company has received notice in writing from a member along with deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing the candidature of Dr. Vinay Gopal Nayak for the office of Director.

The Board of Directors has, on the basis of recommendation of Nomination and Remuneration Committee, also appointed Dr. Vinay Gopal Nayak as a Whole-time Director of the Company for a period of three (3) years with effect from 21st March, 2016.

Dr. Vinay Gopal Nayak is M.Sc. and Ph.D in Chemistry. He is a pharmaceutical professional with technical background who has worked with organisations such as Cipla, Lupin, Watson and Alembic pharmaceuticals. He is specialised in the areas of Manufacturing, Quality, R&D, Compliance and Regulatory Affairs both for API and finished dosage form manufacturing. In a career span of 30 years, he has provided leadership to the above organisations rise to become global leaders in their specialised segments. Dr. Nayak has successfully handled about 50 USFDA and 30 other international regulatory inspections with good leadership and sound technical knowledge. Apart from plant expansions and capacity enhancements, he has given the organisations very sound quality systems which are capable of standing up to very tough regulatory inspections of recent years. As team player in each organisation, he was capable of filing innovative ANDA and DMF products all these years through efficient regulatory pathway. His strength/ expertise involved selecting good teams, grooming them and meeting organisational expectations all these years. Dr. Nayak is a member of Indian Pharmacopoeia, Examiner of Mumbai University for Masters and Ph.D students. He is a winner of many awards and recognitions. He is also an Advisory Board member of USP.

His in-depth knowledge and experience in the aforesaid field shall be of great help to the Company in the long run. The appointment of Dr. Vinay Gopal Nayak is appropriate and in the best interest of the Company.

The remuneration proposed to be paid to Dr. Vinay Gopal Nayak has been recommended by the Nomination and Remuneration Committee and is in line with the remuneration package that is necessary to encourage good professionals to important position such as that occupied by Dr. Vinay Gopal Nayak and is commensurate with the functions and responsibilities that are being discharged by him.

Accordingly, the resolutions in the item nos. 5 & 6 of the notice for approving the appointment of Dr. Vinay Gopal Nayak as Whole-time Director of the Company are being proposed for consideration of the members.

Dr. Vinay Gopal Nayak satisfies all the conditions set out in Part-I of Schedule V to the Companies Act, 2013 for being eligible for the appointment.

<table>
<tr><td>1.</td><td colspan="2">Name</td><td colspan="2">Dr. Vinay Gopal Nayak (DIN: 02577389)</td></tr>
<tr><td>2.</td><td colspan="2">Date of Birth</td><td colspan="2">12.12.1956</td></tr>
<tr><td>3.</td><td colspan="2">Age</td><td colspan="2">59 years</td></tr>
<tr><td>4.</td><td colspan="2">Profession</td><td colspan="2">Service</td></tr>
<tr><td>5.</td><td colspan="2">Qualification</td><td colspan="2">M. Sc. and Ph. D</td></tr>
<tr><td>6.</td><td colspan="2">6.1 Terms and conditions of appointment and details of remuneration sought to be paid</td><td colspan="2">As mentioned in the resolution under Item 6 of the notice</td></tr>
<tr><td></td><td colspan="2">6.2 Remuneration last drawn</td><td colspan="2">-</td></tr>
<tr><td>7.</td><td colspan="2">Experience</td><td colspan="2">Has over 30 years of experience in the areas of manufacturing, quality, R&D, compliance and regulatory affairs both for API and finished dosage form manufacturing.</td></tr>
<tr><td>8.</td><td colspan="2">Shareholding of the Director</td><td colspan="2">Nil</td></tr>
<tr><td>9.</td><td colspan="2">Relationship with other Directors, Manager and other Key Managerial Personnel of the Company</td><td colspan="2">None</td></tr>
<tr><td>10.</td><td colspan="2">Date of first appointment on the Board</td><td colspan="2">21.03.2016</td></tr>
<tr><td>11.</td><td colspan="4">List of Directorship and other Directorship and membership/chairmanship of committees of other Boards</td></tr>
<tr><td></td><td rowspan="2">Board Meetings attended during the year</td><td rowspan="2">Whether attended last AGM</td><td colspan="2">Other Directorships/ Board Committees (Numbers)</td></tr>
<tr><td></td><td>Directorships in other Companies</td><td>Board Committee Membership/ Chairmanship</td></tr>
<tr><td></td><td>Not Applicable</td><td>Not Applicable</td><td>Nil</td><td>Nil</td></tr>
</table>

Brief resume of Dr. Vinay Gopal Nayak, nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships/chairmanships of Board Committees, shareholding and relationships between directors inter-se are also provided in the Corporate Governance Report forming part of the Annual Report.

Except Dr. Vinay Gopal Nayak, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise in the resolutions set out at Item Nos. 5 & 6 of the Notice.

The Board recommends the resolutions set out at Item Nos. 5 & 6 of the Notice for approval of the members.

Item no. 7

In the present competitive environment and in the long term interest of the Company and its members, it is necessary that the Company adopt suitable measures for attracting and retaining qualified, talented and competent employees. Stock option is an effective instrument to foster a sense of ownership and belonging amongst the employees and provide an opportunity to participate in the growth of the Company besides creating long term wealth in their hands.

The Board, therefore, proposes to introduce, formulate and create Marksans Employees Stock Option Scheme 2016 ("Marksans ESOS 2016"). Grant of stock options under Marksans ESOS 2016 shall be as per the terms and conditions as may be decided by the Board from time to time in accordance with the provisions of the Companies Act, 2013 and SEBI (Share Based Employee Benefits) Regulations, 2014.

The salient features of Marksans ESOS 2016 are as under:-

1. Total number of Options to be granted
   (i) A total of 81,86,273 Options would be available for grant to eligible employees under the scheme.
   (ii) Number of options shall be adjusted due to any corporate action(s) such as rights issue, bonus issue, buy-back of shares, split, consolidation of shares, amalgamation, sale of undertaking, etc. of the Company.
   (iii) Each option when exercised would give the option holder a right to get one fully paid equity share of ₹1 each face value of the Company.
   (iv) The options which will lapse, expire or be forfeited, will be available for further grant to the eligible employees.
2. Implementation of Marksans ESOS 2016
   The Scheme shall be implemented by the Company under the supervision of the Compensation Committee constituted by the Board of Directors of the Company for the purpose.
3. Classes of Employees entitled to participate in Marksans ESOS 2016
   All present and future permanent employees and directors, whether whole-time director or not but excluding independent directors, shall be eligible to participate in the scheme. The Promoter, the person belonging to promoter group or director/employee, who either himself or through his relative or through body corporate, directly or indirectly, holds more than ten percent of the outstanding equity shares of the Company, shall not be eligible to participate in the Scheme.
4. Requirements and period of Vesting
   The options granted shall vest so long as the employee continues to be in the employment of the Company. The vesting period shall be decided by the Compensation Committee from time to time but shall not be less than one (1) year and not more than five (5) years from the date of grant of options. Vesting may happen in one or more tranches.
5. Exercise Price or Pricing formula
   The exercise price and/or the pricing formula shall be decided by the Compensation Committee from time to time. Employees shall bear all tax liability in relation to grant of options.
6. Exercise Period and process of exercise
   The Compensation Committee shall decide the exercise period from time to time which can be extended upto seven (7) years from the vesting date(s). The employees can exercise stock options at any time after the vesting date either in full or in tranches by making full payment of exercise price and applicable taxes and by execution of such documents as may be prescribed by the Compensation Committee from time to time.
7. Appraisal process for determining the eligibility of the employees
   The process for determining the eligibility of the employees will be specified by the Compensation Committee and will be based on designation, period of service, band, performance linked parameters such as work performance and such other criteria as may be determined by the Compensation Committee at its sole discretion from time to time. In case of performance linked stock options, the number of vested stock options may vary from the original number of stock options granted.
8. Maximum number of options to be granted per employee
   Maximum number of options to be granted to an eligible employee will be determined by the Compensation Committee on case to case basis. However, it is proposed that options not exceeding 81,86,273 equity shares of ₹1/- each face value in the aggregate can be granted. Further, options under each Grant to an employee shall not be less than fifty (50) and shall not exceed 1% of the total issued capital of the Company in any year provided that the aggregate number of options to be granted during the total tenure of the scheme in any case shall not exceed 81,86,273 options.
9. Transferability options
   The stock options granted to an employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner. However, in the event of death or permanent disability of an employee stock option holder while in

employment, the right to exercise options granted to him till such date shall be transferred to his legal heirs or nominees.

10. Accounting Policies

The Company shall comply with the accounting policies specified in Regulation 15 of SEBI (Share Based Employee Benefits) Regulations, 2014 in respect of shares issued under Marksans ESOS 2016.

11. Method of Valuation

The Company shall use one of the applicable methods (intrinsic value or fair value) to value its options. In case the Company calculates the employee compensation cost using intrinsic value of options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used fair value of options, shall be disclosed in the Directors Report and also the impact of this difference on Statement of Profit and Loss and on Earnings Per Share (EPS) of the Company shall be disclosed in the Directors Report.

The Company shall comply with the disclosures, the accounting policies and other requirements as may be prescribed under the Companies Act, 2013 and SEBI (Share Based Employee Benefits) Regulations, 2014 and other applicable laws from time to time. The Compensation Committee shall have all the powers to take necessary decisions for effective implementation of Marksans ESOS 2016.

In terms of the provisions of the Companies Act, 2013 and SEBI (Share Based Employee Benefits) Regulations, 2014, Marksans ESOS 2016 is required to be approved by the Members by passing of Special Resolution.

None of the Directors or Key Managerial Personnel of the Company including their relatives are, in any way, concerned or interested, financially or otherwise, in the proposed resolutions except to the extent of the stock options that may be granted to them under Marksans ESOS 2016.

The Board recommends the resolutions set out at Item No. 7 of the Notice for approval of the Members as **Special Resolution**.

Section 62 of the Companies Act, 2013 provides, inter – alia that wherever it is proposed to increase the subscribed capital of the Company by the allotment of further shares, such further shares shall be offered to the existing members of the Company in the manner laid down in the said section unless the members in the general meeting decide otherwise. The consent of the members is, therefore, sought to authorize the Board of Directors to grant options and allot shares to employees in the manner set out in the resolution.

Details of Director Seeking Re-appointment as Required Under Regulation 36 of SEBI (LODR) Regulations, 2015

Re-appointment of Mrs. Sandra Saldanha (DIN: 00021023) (Item No.3)

Mrs. Sandra Saldanha (DIN: 00021023), a non-independent, executive and promoter director was appointed in the 22nd Annual General Meeting held on 25th September, 2014. She will retire as Director at the forthcoming Annual General Meeting and being eligible offers herself for re-appointment. Mrs. Sandra Saldanha, aged 44 Years is a Master of Arts (Sociology). She has experience in Human Resource Management, Business Development, Projects and Supply Chain Management.

<table>
<tr><td>1.</td><td colspan="2">Name</td><td colspan="2">Mrs. Sandra Saldanha (DIN: 00021023)</td></tr>
<tr><td>2.</td><td colspan="2">Date of Birth</td><td colspan="2">11.12.1971</td></tr>
<tr><td>3.</td><td colspan="2">Age</td><td colspan="2">44 years</td></tr>
<tr><td>4.</td><td colspan="2">Profession</td><td colspan="2">Business</td></tr>
<tr><td>5.</td><td colspan="2">Qualification</td><td colspan="2">Master of Arts (Sociology)</td></tr>
<tr><td>6.</td><td colspan="2">6.1 Terms and conditions of re-appointment and details of remuneration sought to be paid</td><td colspan="2">As per resolution no.6 passed at the 22nd Annual General Meeting held on 25th September, 2014.</td></tr>
<tr><td></td><td colspan="2">6.2 Remuneration Last drawn</td><td colspan="2">₹72,17,928/-</td></tr>
<tr><td>7.</td><td colspan="2">Experience</td><td colspan="2">She has experience in Human Resource Management, Business Development, Projects and Supply Chain Management.</td></tr>
<tr><td>8.</td><td colspan="2">Shareholding of the Director</td><td colspan="2">180 equity shares</td></tr>
<tr><td>9.</td><td colspan="2">Relationship with other Directors, Manager and other Key Managerial Personnel of the Company</td><td colspan="2">Relative of Mr. Mark Saldanha</td></tr>
<tr><td>10.</td><td colspan="2">Date of first appointment on the Board</td><td colspan="2">25.09.2014</td></tr>
<tr><td rowspan="4">11.</td><td colspan="4">List of Directorship and other Directorship and membership/chairmanship of committees of other Boards</td></tr>
<tr><td rowspan="2">Board Meetings attended during the year</td><td rowspan="2">Whether attended last AGM</td><td colspan="2">Other Directorships/ Board Committees (Numbers)</td></tr>
<tr><td>Directorships in other Companies</td><td>Board Committee Membership/Chairmanship</td></tr>
<tr><td>5</td><td>Yes</td><td>Marksans Pharma (UK) Limited</td><td>Nil</td></tr>
</table>

By order of the Board of Directors

Mumbai
Dated: 13th August, 2016

Harshavardhan Panigrahi
Company Secretary and Manager Legal

E-Voting Instruction for Member

The instructions for members voting electronically are as under:

Pursuant to provisions of Section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014 and amendments thereof, the Company is providing facility for voting by electronic means and all resolutions set forth in the Notice convening the 24th AGM of the Company may be transacted through such voting. The Company will also be providing voting facility through polling paper at the AGM and Members attending the AGM who have not already cast their vote by remote e-voting may be able to exercise their voting right at the AGM.

(i) The e-voting period begins on 26th September, 2016 at 10 a.m. IST and ends on 28th September, 2016 at 5 p.m. IST. During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 23rd September, 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Any person who acquires shares of the Company and becomes member of the Company after dispatch of notice of AGM and holding shares as on the cut-off date i.e. 23rd September, 2016 may obtain User ID and Password by sending a request at helpdesk.evoting@cdslindia.com.

(ii) Members should log on to the e-voting website www.evotingindia.com.

(iii) Click on Shareholders.

(iv) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in dematerialised form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat members as well as physical members) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number (refer serial no. printed on the name and address sticker/mail) in the PAN field. • In case the sequence number is less than 8 digits, enter the applicable number of 0's before the number and after the first two characters of the name in CAPITAL letters. For example, if your name is Ramesh Kumar with folio number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details or Date of Birth (DOB)	Enter the Dividend Bank Details or date of birth (in DD/MM/YYYY format) as recorded in your demat account or in the company records in order to log in. • If both the details are not recorded with the depository or company please enter the member Id/folio number in the Dividend Bank details field.

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat account holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for MARKSANS PHARMA LIMITED on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/ NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvii) If demat account holder has forgotten the same password then enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.

(xviii) Members can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store, Apple and Windows phone. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xix) Note for Non – Individual Members and Custodians:-

- Non-Individual members (i.e. other than Individuals, HUF, NRI, etc.) and Custodians are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

(xxi) General instructions:

a. A person whose name is recorded in the register of members or in the beneficial owners maintained by depositories as on the cut-off date (i.e. 23rd September, 2016) only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through polling paper.

b. A person who is not a member as on the cut-off date should treat this Notice for information purposes only.

c. The Board of Directors has appointed Ms. Khushboo Bakul Gopani, Practicing Company Secretary, (Membership No. 29194), to act as the Scrutinizer for conducting the electronic voting and physical ballot voting process in a fair and transparent manner.

d. In case of Members who are entitled to vote but have not exercised their right to vote by remote e-voting, the Chairman will offer an opportunity to such Members to vote at the AGM for all businesses specified in the accompanying Notice. For abundant clarity, please note that the Members who have exercised their right to vote by remote e-voting shall not be entitled to vote at the AGM, but shall be entitled to attend the meeting. If a Member casts votes by both modes, then voting done through remote e-voting shall prevail and Ballot shall be treated as invalid.

e. Remote e-voting shall not be allowed beyond 5.00 p.m. on 28th September, 2016. During the remote e-voting period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date, may cast their vote electronically. Once the vote on a resolution is cast by the Members, the Members shall not be allowed to change it subsequently.

f. The Scrutinizer shall within a period of not exceeding three working days from the conclusion of the e-voting period, unlock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favor of or against, if any, forthwith to the Chairman of the Company.

g. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on 23rd September, 2016 being the cut-off date.

h. The Results of e-voting and poll voting at the meeting on resolutions shall be aggregated and declared on or after the AGM of the Company and the resolutions will be deemed to be passed on the AGM date subject to receipt of the requisite numbers of votes in favour of the Resolutions.

i. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.marksanspharma.com and on the website of CDSL within two days of the passing of the resolutions at the 24th Annual General Meeting of the Company on 29th September 2016, and communicated to the Stock Exchanges where the company's shares are listed.

Marksans Pharma Ltd.
CIN: L24110MH1992PLC066364
Registered Office: 11th Floor, Grandeur, Veera Desai Extension Road, Oshiwara, Andheri (W), Mumbai – 400053
Tel: +91 22 4001 2000, Fax: +91 22 4001 2011, Website: www.marksanspharma.com, Email: companysecretary@marksanspharma.com

ATTENDANCE SLIP

Folio No. / Client ID: .... No. of Shares ....

Name of Member / Proxy: ....

I hereby record my presence at the 24th Annual General Meeting of the Company on Thursday, 29th September, 2016 at 10:30 a.m. at GMS Community Centre Hall, Sitladevi Complex, 1st Floor, D.N. Nagar, Link Road, Andheri (W), Mumbai 400 053.

Member's/Proxy's Signature

Note: Members are requested to produce this attendance slip, duly signed in accordance with their specimen signatures registered with the Company, for admission to the Meeting.

Marksans Pharma Ltd.
CIN: L24110MH1992PLC066364
Registered Office: 11th Floor, Grandeur, Veera Desai Extension Road, Oshiwara, Andheri (W), Mumbai – 400053
Tel: +91 22 4001 2000, Fax: +91 22 4001 2011, Website: www.marksanspharma.com, Email: companysecretary@marksanspharma.com

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]

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: ....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 24th Annual General Meeting of the Company, to be held on Thursday, 29th September, 2016 at 10:30 a.m. at GMS Community Centre Hall, Sitladevi Complex, 1st Floor, D.N. Nagar, Link Road, Andheri (W), Mumbai 400 053 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolutions	For*	Against*
Ordinary Business		
1. Adoption of Financial Statements for the year ended March 31, 2016.		
2. Declaration of dividend on equity shares and preference shares for the year ended March 31, 2016.		
3. Re-appointment of Mrs. Sandra Saldanha (DIN: 00021023) who retires by rotation.		
4. Re-appointment of M/s N. K. Mittal & Associates, Chartered Accountants, as Statutory Auditors of the Company.		
Special Business		
5. Appointment of Dr. Vinay Gopal Nayak as Director of the Company.		
6. Approval of appointment of Dr. Vinay Gopal Nayak as a Whole-time Director of the Company.		
7. Approval of Marksans ESOS 2016.		

Signed on the ......day of .... 2016 *Signature of Member:*

Signature of Proxy holders:

Please Affix
Revenue
Stamp

Notes:

1. **The Proxy Form in order to be effective should be deposited at the registered office of the Company not less than 48 hours before the commencement of the Meeting.**
2. **A Proxy need not be a member of the Company.**
3. *A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or member.*

*4. *This is only optional. Please put an 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.*

Route Map from Andheri Railway Station to Sarah Enterprises (Venue of AGM)

Notes

CORPORATE INFORMATION

Board of Directors
Mr. Mark Saldanha – Chairman & Managing Director

Mrs. Sandra Saldanha – Whole-time Director

Dr. Vinay Gopal Nayak – Whole-time Director (With effect from 21.03.2016)

Dr. Balwant S. Desai – Whole-time Director (Upto 21.03.2016)

Mr. Seetharama R. Buddharaju – Independent Director

Mr. Naresh B. Wadhwa – Independent Director

Mr. Ajay S. Joshi – Independent Director

Registered Office
11th Floor, Grandeur, Veera Desai Extension Road,
Oshiwara, Andheri (West), Mumbai – 400053

CIN
L24110MH1992PLC066364

Registrar & Share Transfer Agent
Bigshare Services Private Limited
E-2/3, Ansa Industrial Estate, Saki Vihar Road,
Saki Naka, Andheri (East), Mumbai – 400072

Legal advisors
Crawford Bayley & Co.
Desai & Diwanji

Bankers
State Bank of India
Bank of India
Corporation Bank

Works
1. L-82 & 83, Verna Industrial Estate, Verna, Goa – 403722
2. Bell, Sons & Co. (Druggists) Ltd.
   Gifford House, Slaidburn Crescent, Southport, PR9 9AL
3. Time-Cap Laboratories, Inc.
   7, Michael Avenue, Farmingdale, New York- 11735, USA

24th Annual General Meeting
Day & Date: Thursday, 29th September, 2016

Time: 10:30 a.m.

Venue: GMS Community Centre Hall, Sitladevi Complex
1st Floor, D.N. Nagar, Link Road, Andheri (West)
Mumbai-400053

Key Management Personnel
Mr. Mark Saldanha – Chairman & Managing Director

Dr. Vinay Gopal Nayak – Whole-time Director

Mrs. Sandra Saldanha- Whole-time Director

Mr. Jitendra Sharma – Chief Financial Officer

Company Secretary & Manager - Legal
Mr. Harshavardhan Panigrahi

Statutory Auditors
M/s N.K. Mittal & Associates

Secretarial Auditor
Mrs. Khushboo Bakul Gopani

A TRISYS product
info@trisyscom.com

Marksans Pharma Ltd.