



INDEPENDENT AUDITOR'S REPORT

To the Members of Sriam Labs Private Limited

Report on the Standalone Ind AS Financial Statements

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

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, its Loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **Annexure 1** a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

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

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

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

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

(e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164 (2) of the Act;

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



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

i. The Company does not have any pending litigations which would impact its financial position.

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

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

iv. The Company has provided requisite disclosures in Note No.2.1(q) in Notes to the standalone Ind AS financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.

Place: Hyderabad
Date: 11-05-2017



For Ramasamy Koteswara Rao & Co,
Chartered Accountants
Firm Registration Number: 010396S

(C V Koteswara Rao)
Partner
Membership No.028353

Annexure-1 to the Auditors' Report (referred to in paragraph 1 of our Report of even date to the Members of "Sriam Labs Private Limited" for the year ended March 31, 2017)

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that;

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

(b) All fixed assets have been physically verified by the management during the year in accordance with a phased program of verification which, in our opinion is reasonable having regard to the size of the company and the nature of its assets. According to the information furnished to us, no material discrepancies have been noticed on such verification.

(c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the company.
- ii. The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.
- iv. The company has neither granted loans nor made investments. Hence the provisions of Sections 185 and 186 of Companies Act 2013 are not applicable. Thus paragraph 3(iv) of the order is not applicable to the company.
- v. The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- vi. We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 148 of the Act in respect of bulk drugs and formulations and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- vii. (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally 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 with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2017 for a period of more than six months from the date on when they become payable.

(b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of dispute.



- viii. In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to banks. There are no dues which are payable to financial institutions or debenture holders or government.
- ix. Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or on the company by the officers and employees of the Company has been noticed or reported during the year.
- xi. According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii. In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- xiii. According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and hence not commented upon.
- xv. According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- xvi. According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company and hence not commented upon.

Place: Hyderabad
Date: 11-05-2017



For Ramasamy Koteswara Rao & Co,
Chartered Accountants
Firm Registration Number: 010396S

(C V Koteswara Rao)
Partner
Membership No.028353

**ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE
STANDALONE FINANCIAL STATEMENTS OF SRIAM LABS PRIVATE LIMITED**

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

To the Members of Sriam Labs Private Limited

We have audited the internal financial controls over financial reporting of Sriam Labs Private Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India.

Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.



Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Hyderabad
Date: 11-05-2017



For Ramasamy Koteswara Rao & Co,
Chartered Accountants
Firm Registration Number: 010396S

(C V Koteswara Rao)
Partner
Membership No.028353

Sriam Labs Private Limited
CIN : U24239TG2002PTC038490
Balance Sheet as at March 31, 2017
(All amounts in Rupees except for share data or as otherwise stated)

	Notes	March 31, 2017	March 31, 2016	April 01, 2015
ASSETS				
Non Current Assets				
Property, Plant and Equipment	3	764,733,141	276,695,543	232,405,334
Capital work in progress	3	-	418,606,814	99,458,296
Intangible assets	4	6,108,972	12,217,946	18,326,918
Financial Assets				
Investments	5A	6,750,000	-	-
Loans	5B	6,364,125	4,286,399	2,801,415
Others	5C	1,730,360	1,620,298	1,448,262
Deferred Tax Assets (Net)	7	60,995,382	11,595,705	3,369,999
		846,681,980	725,022,705	357,810,224
Current Assets				
Inventories	8	90,380,758	101,816,000	61,760,865
Financial Assets				
Loans	5B	-	-	13,000
Trade receivables	9	47,582,920	102,729,380	183,121,369
Cash and cash equivalents	10	3,846,028	2,190,985	12,768,087
Others	5C	36,929,699	124,392,035	135,560,028
Current tax assets	17	5,697,444	5,224,016	5,050,869
Other Current Assets	6	61,213,580	61,686,948	70,725,661
		245,650,429	398,039,364	468,999,879
Total Assets		1,092,332,409	1,123,062,069	826,810,103
EQUITY and LIABILITIES				
Shareholders' Funds				
Share Capital	11	142,033,630	142,033,630	142,033,630
Other Equity				
Securities Premium	12	33,632,143	33,632,143	33,632,143
Retained earnings		(30,362,167)	36,400,318	50,783,889
Items of OCI	12	(947,559)	(514,895)	-
Total Equity		144,356,047	211,551,196	226,449,662
Non Current Liabilities				
Financial Liabilities				
Borrowings	13	243,522,987	315,940,311	196,535,309
Net employee defined benefit liabilities	16A	6,031,481	4,246,970	2,134,961
		249,554,468	320,187,281	198,670,270
Current Liabilities				
Financial Liabilities				
Borrowings	13	162,096,811	113,351,681	84,753,971
Trade Payables	14	393,410,244	223,271,376	206,330,755
Other Current financial Liabilities	15	133,499,758	208,156,607	78,268,414
Net employee defined benefit liabilities	16B	262,232	166,301	478,510
Current tax liabilities	17	4,765,650	3,269,810	4,773,299
Other current liabilities	18	2,422,173	41,325,142	25,910,165
Provisions	19	1,965,026	1,782,675	1,175,057
		698,421,894	591,323,592	401,690,171
Total Equity and Liabilities		1,092,332,409	1,123,062,069	826,810,103

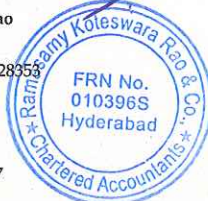
Summary of significant accounting policies 2.1

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

For Ramasamy Koteswararao & Co.
Chartered Accountants
Firm Registration Number :010396S

C V Koteswara Rao
Partner
Membership No.0283558

Place: Hyderabad
Date: May 11, 2017



For and on behalf of the Board of Directors
Sriam Labs Private Limited

Dr. G S R Anjaneyulu
Director

Dr. C V Lakshmana Rao
Director

S Srinivasa Rao
Director

S Janaki
Company Secretary

Place: Hyderabad
Date: May 11, 2017



Statement of Profit and Loss for the year ended March 31, 2017
(All amounts in Rupees except for share data or as otherwise stated)

	Notes	For the year ended March 31, 2017	For the year ended March 31, 2016
INCOME			
I. Revenue from Operations (Gross)	20	498,105,076	528,522,268
Other Income	21	13,283,489	2,853,189
Total Revenue (I)		511,388,565	531,375,457
EXPENSES			
II. Cost of Materials Consumed	22	267,374,311	380,166,227
Increase in Inventories of Finished Goods and Work-in-Progress	23	41,240,041	(28,302,907)
Excise duty on sale of goods		12,436,937	15,038,509
Other Manufacturing Expenses	24	70,986,106	40,287,897
Employee Benefits Expenses	25	85,302,996	56,831,903
Operating and Selling Expenses	26	31,063,801	16,424,291
Total Expenses (II)		508,404,192	480,445,920
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) (I-II)		2,984,373	50,929,537
Depreciation and Amortisation	3	51,788,829	30,274,444
Finance Expenses	27	65,239,103	40,181,760
Profit Before Exceptional Items & Tax		(114,043,559)	(19,526,667)
Prior Period Expenditure		-	2,852,362
Profit Before Tax		(114,043,559)	(22,379,029)
Tax Expense			
III. Current Tax (including adjustment of tax relating to earlier years:		1,925,124	-
Minimum Alternate Tax credit entitlement (including adjustment of tax relating to earlier years		-	-
Deferred Tax Charge/ (Credit)		(49,206,198)	(7,995,457)
Tax expense /(Credit)		(47,281,074)	(7,995,457)
Profit for the year		(66,762,485)	(14,383,572)
IV. OTHER COMPREHENSIVE INCOME	28		
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains / (losses) on employee defined benefit plans		(626,142)	(745,145)
Deferred Tax Charge/ (Credit)		(193,478)	(230,250)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		(432,664)	(514,895)
Other comprehensive income for the year, net of tax		(432,664)	(514,895)
Total comprehensive income for the year, net of tax		(67,195,149)	(14,898,467)
Earnings Per Equity Share Rs. 10/- each fully paid (March 31, 2016: Rs. 10/- each fully paid)			
Computed on the basis of total profit for the year	29		
Basic (Rs.)		(4.73)	(1.05)
Diluted (Rs.)		(4.73)	(1.05)
Summary of Significant Accounting Policies			
	2.1		

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

For Ramasamy Koteswararao & Co.
Chartered Accountants
Firm Registration Number :010396S

C V Koteswara Rao
Partner
Membership No.028353

Place: Hyderabad
Date: May 11, 2017



For and on behalf of the Board of Directors
Sriam Labs Private Limited

Dr. G S R Anjaneyulu
Director

Dr. C V Lakshmana Rao
Director

S Srinivasa Rao
Director

S Janaki
Company Secretary

Place: Hyderabad
Date: May 11, 2017



Sriam Labs Private Limited

CIN : U24239TG2002PTC038490

Cash Flow Statement for the year ended March 31, 2017

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

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Cash Flow From Operating Activities		
Profit Before Tax	(114,043,559)	(19,526,667)
Adjustments for :		
Depreciation and amortisation	51,788,829	33,126,806
Interest income	(651,620)	(1,273,573)
Interest expense	65,239,103	40,181,760
Net gain / loss on foreign exchange fluctuations	-	(1,579,616)
Gratuity and compensated absences	1,158,369	1,366,864
Operating Profit Before Working Capital Changes	3,491,122	52,295,574
Movement In Working Capital:		
Increase in inventories	11,435,241	(40,055,134)
Increase in trade receivables	55,146,460	80,391,989
Increase in long term loans and advances	(8,827,726)	(1,484,984)
(Increase)/ Decrease in short term loans and advances	-	13,000
Increase in other non current assets	(110,062)	(172,036)
Decrease in other current assets	87,462,276	20,033,559
Increase/ (Decrease) in Provisions	182,351	607,618
Increase in trade payables	170,138,867	16,940,621
Increase/ (Decrease) in other current liabilities	(111,968,047)	143,487,472
Cash Generated From Operations	206,950,483	272,057,679
Direct taxes paid	(1,925,124)	-
Foreign Exchange Gain/Loss	-	1,579,616
Net Cash Flow from/ (used in) Operating Activities (A)	205,025,359	273,637,295
Cash Flow Used In Investing Activities		
Purchase of Tangible Assets, including intangible assets, capital work in progress and capital advances	(115,110,639)	(393,308,923)
Net Cash Flow Used In Investing Activities (B)	(115,110,639)	(393,308,923)
Cash Flow From Financing Activities		
Proceeds from issue of equity shares	-	-
Repayment of long - term borrowings	(72,417,324)	119,405,003
Proceeds from long - term borrowings	-	-
Proceeds from short - term borrowings (net)	48,745,130	28,597,710
Interest received	651,620	1,273,573
Interest paid	(65,239,103)	(40,181,760)
Net Cash Flow From Financing Activities (C)	(88,259,677)	109,094,526
Net increase/ (Decrease) in cash and cash equivalents (A+B+C)	1,655,043	(10,577,102)
Cash and Cash Equivalents at the beginning of the year	2,190,985	12,768,087
Cash and Cash Equivalents at the end of the year	3,846,028	2,190,985
Notes:		
Components of Cash and Cash Equivalents:		
Cash on hand	78,202	101,756
Balances with banks		
On current accounts	1,197,626	671,229
On deposit accounts	2,570,200	1,418,000
Total Cash and Cash Equivalents	3,846,028	2,190,985

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

For Ramasamy Koteswararao & Co.
Chartered Accountants
Firm Registration Number :010396S

C. V. Koteswara Rao
Partner
Membership No.028353



Place: Hyderabad
Date: May 11, 2017

For and on behalf of the Board of Directors
Sriam Labs Private Limited

Dr. G S R Anjaneyulu
Director

S Srinivasa Rao
Director

Dr. C V Lakshmana Rao
Director

S Janaki
Company Secretary

Place: Hyderabad
Date: May 11, 2017



Sriam Labs Private Limited

CIN : U24239TG2002PTC038490

Statement of Changes in Equity for the year ended March 31, 2017

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

a. Equity Share Capital

Equity Shares of Rs.10 Each, Fully paid up

As at April 01, 2015

Issued during the year

As at March 31, 2016

Issued during the year

As at March 31, 2017

No.	Rs.
14,203,363	142,033,630
-	-
14,203,363	142,033,630
-	-
14,203,363	142,033,630

b. Other Equity

	Reserves and surplus			Items of Other Comprehensive	
	Capital reserve	Securities Premium	Retained Earnings	FVTOCI reserve	Total OCI (B)
As at April 01, 2015	-	33,632,143	41,557,072	-	-
Profit for the year	-	-	9,226,817	-	-
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	-	33,632,143	50,783,889	-	-
Receieved during the year	-	-	-	-	-
At March 31, 2016	-	33,632,143	50,783,889	-	-
Profit for the year	-	-	(14,383,572)	-	-
Other Comprehensive Income	-	-	-	(514,895)	(514,895)
Total Comprehensive Income	-	33,632,143	36,400,318	(514,895)	(514,895)
Profit for the year	-	-	(66,762,485)	(432,664)	(432,664)
Receieved during the year	-	-	-	-	-
At March 31, 2017	-	33,632,143	(30,362,167)	(947,559)	(947,559)



1. Corporate Information

M/s. Sriam Labs Private Limited manufactures Active Pharmaceutical Ingredients (APIs) and Pharmaceutical Intermediates meeting the quality parameters of the industry and is dedicated to the mission "Quality designed for excellence" to satisfy their valued domestic and export customers.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

For all periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with Indian GAAP, including accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended). These financial statements for the year ended 31 March 2017 are the first the Company has prepared in accordance with Ind-AS.

2.1 Summary of significant accounting policies

a) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

the Company classifies all other liabilities as non-current.

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

b) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Based on the educational material on Ind AS18 issued by the ICAI, the Company has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty.

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

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of Products

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Revenue from sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Any additional amount is recognised based on the terms of the agreement entered into with customers, in the period when the collectability of the profit share becomes probable and a reliable measure of the profit share is available.

For rendering of services, performance obligation is satisfied over time, the Company recognises revenue allocated to this performance obligation over the period the performance obligation is satisfied using an input method, i.e., when the related services are performed or the agreed milestones are achieved.



Notes to financial statements for the year ended March 31, 2017

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

Interest Income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable rates.

c) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

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

Deferred tax

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

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

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

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

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

Sales tax

Expenses and assets are recognised net of the amount of sales tax, except:

When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

d) Property, plant and equipment

Under the previous GAAP (Indian GAAP), property, plant and equipment were carried in the balance sheet prepared in accordance with Indian GAAP on the basis of cost, net of accumulated depreciation and accumulated impairment losses, if any. The Company has elected to regard those values as deemed cost at the date of transition. The Company regards the carrying value as per the previous GAAP as deemed cost at the transition date, viz., 1 April 2015.

Construction in progress, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

e) Depreciation on tangible Fixed Assets

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

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

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

f) Intangible assets

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss.

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



Notes to financial statements for the year ended March 31, 2017

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

g) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

h) Inventories

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

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

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

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

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

i) Impairment of non-financial assets

Impairment losses of continuing operations, including impairment on inventories, are recognised in profit or loss section of the statement of profit and loss

j) Provisions

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

k) Gratuity and other post-employment benefits

Retirement benefits in the form of provident fund contribution and superannuation are defined contribution schemes. The contributions to the provident fund and superannuation fund are charged to the statement of profit and loss for the year when the contributions are due.

The Company treats accumulated leave, as a long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on an actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

l) Financial assets

Initial recognition and measurement

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

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified as "Debt instruments at amortised cost"

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- (a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- (b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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



Notes to financial statements for the year ended March 31, 2017

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

Derecognition

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

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

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

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- (a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.
- (d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18

the Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- o All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- o Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

the Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

m) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

the Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.



Sriam Labs Private Limited
CIN: U24239TG2002PTC038490

Notes to financial statements for the year ended March 31, 2017
(All amounts in Rupees except for share data or as otherwise stated)

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to interest-bearing loans and borrowings.

Derecognition

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

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. trs of 658.51 sq.ft. each, in Court Road, Prakasam Road Residential area, Tirupati.

iv) Eq. Mortgage of residential

n) Cash and short-term deposits

Cash and short-term deposits in the balance sheet comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

o) Note on Fire Accident

A major fire broke out at Production Block 1 of the factory premises located at Survey No 505, Padamati Somaram Road, Bibinagar Nagar Mandal, Nalgonda District, Telangana on January 06, 2014. The fire has affected various fixed assets and current assets of the company. The company has insured the above mentioned assets with The Oriental Insurance Company Limited vide Policy No: 431100/11/2014/146 which adequately covered both fixed assets and current assets of the said block.

The insurance surveyor assessed final insurance claim to the extent of Rs.13,69,29,700. Out the final assessed amount, the company has received Rs. 10 Crores in three on account payments up to March 31, 2017 and appropriate accounting treatment in respect of final claim has been given in books of account. The final insurance claim report was submitted on February 02, 2017 to the Oriental Insurance Company Limited.



Sriam Labs Private Limited
CIN : U24239TG2002PTC038490
Notes to Financial Statements for the year ended March 31, 2017

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

p) Gratuity
Defined Benefit Plans

The Company has a defined benefit gratuity plan and governed by Payment of Gratuity Act, 1972. Every employee who has completed five years or more of service is entitled to a gratuity on departure at 15 days salary for each completed year of service. The following tables summarise net benefit expenses recognised in the statement of profit and loss and the amount recognised in the Balance sheet for the gratuity.

	March 31, 2017	March 31, 2016	April 01, 2015
i) Net employee benefit expense (recognised in Employee benefits expenses)			
Current service cost	292,472	228,780	145,789
Interest cost	262,375	170,797	-
Expected return on plan assets	-	-	-
Net actuarial (gain) / loss recognised in the year	626,142	745,145	1,989,172
Benefits paid	-	-	-
Net employee benefit expenses	1,180,989	1,144,722	2,134,961
ii) Amount recognised in the Balance Sheet			
Defined benefit obligation	4,460,672	3,279,683	2,134,961
Fair value of plan assets	-	-	-
	4,460,672	3,279,683	2,134,961
iii) Changes in the present value of the defined benefit obligation			
Opening defined benefit obligation	3,279,683	2,134,961	-
Current service cost	292,472	228,780	145,789
Interest cost	262,375	170,797	-
Benefits paid	-	-	-
Net Actuarial (gains) / losses on obligation for the year recognised under OCI	626,142	745,145	1,989,172
Closing defined benefit obligation	4,460,672	3,279,683	2,134,961
The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:			
	March 31, 2017	March 31, 2016	April 01, 2015
iv) Remeasurement adjustments:			
Experience loss/ (gain) on plan liabilities	-	-	-
Experience loss/ (gain) on plan assets	-	-	-
Financial loss/ (gain) on plan liabilities	-	-	-
Financial loss/ (gain) on plan assets	626,142	745,145	1,989,172
Demographic loss/ (gain) on plan liabilities	-	-	-
Demographic loss/ (gain) on plan assets	-	-	-
v) Remeasurement gains/(losses) recognised in other comprehensive income:			
Opening Balance	2,734,317	1,989,172	-
Remeasurement for the year - Obligation (gain)/loss	626,142	745,145	1,989,172
Closing Balance	3,360,459	2,734,317	1,989,172

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

	March 31, 2017	March 31, 2016	April 01, 2015
Discount rate	8%	8%	8%
Expected rate of return on assets	-	-	-
Salary rise	10%	10%	10%
Attrition Rate	5%	5%	5%

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

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



Sriam Labs Private Limited

CIN : U24239TG2002PTC038490

Notes to Financial Statements for the year ended March 31, 2017

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

(b) Disclosure related to indication of effect of the defined benefit plan on the entity's future cashflows:

Expected benefit payments for the year ending:

Year ending	March 31, 2017	March 31, 2016	April 01, 2015
March 2017	778,631	-	-
March 2018	143,239	-	-
March 2019	2,838,393	-	-
March 2020	1,488,599	-	-
March 2021	612,723	-	-

(c) Sensitivity analysis:

A quantitative sensitivity analysis for significant assumption is as shown below:

	March 31, 2017	March 31, 2016	April 01, 2015
(i) Effect of 1% change in assumed discount rate			
- 1% increase	(579,640)	-	-
- 1% decrease	709,367	-	-
(ii) Effect of 1% change in assumed salary escalation rate			
- 1% increase	116,469	-	-
- 1% decrease	(127,690)	-	-
(iii) Effect of 1% change in assumed attrition rate			
- 1% increase	(579,640)	-	-
- 1% decrease	709,367	-	-

(d) Defined Contribution Plan

Contribution to Provident Fund

March 31, 2017	March 31, 2016	April 01, 2015
2,089,494	1,313,699	925,727

q) Disclosure of specified bank notes (SBNs):

Particulars	SBNS	SBNS	Other denomination notes	Total
Closing Cash in hand as on 08-11-2016	1000*8=8000 500*6=3000 11000	-	79,259	90,259
(+) Permitted receipts	-	-	494,000	494,000
(-) Permitted Payments	-	-	421,742	421,742
(-) Amount deposited in Banks	1000*4=4000 500*14=7000 11000	-	-	11,000
Closing cash in hand as on 30-12-2016				151,517



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

r) Liquidity disclosure

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

March 31, 2017:	Up to 1 Year (INR)	1 to 3 years (INR)	3 to 5 years (INR)	> 5 years (INR)	Total (INR)
Non current borrowings	-	102,387,672	80,648,749	60,486,566	243,522,987
Current maturities of non current borrowings	69,654,599	-	-	-	69,654,599
Current borrowings	162,096,811	-	-	-	162,096,811
Interest payable	340,290	-	-	-	340,290
Trade Payables	393,408,244	-	-	-	393,408,244
Other Payables	63,504,869	-	-	-	63,504,869
Total	689,004,813	102,387,672	80,648,749	60,486,566	932,527,801

March 31, 2016:	Up to 1 Year (INR)	1 to 3 years (INR)	3 to 5 years (INR)	> 5 years (INR)	Total (INR)
Non current borrowings	-	130,730,622	84,398,749	100,810,940	315,940,312
Current maturities of non current borrowings	58,312,412	-	-	-	58,312,412
Current borrowings	113,351,681	-	-	-	113,351,681
Interest payable	7,649,953	-	-	-	7,649,953
Trade Payables	223,271,377	-	-	-	223,271,377
Other Payables	142,194,242	-	-	-	142,194,242
Total	544,779,664	130,730,622	84,398,749	100,810,940	860,719,976

April 01, 2015:	Up to 1 Year (INR)	1 to 3 years (INR)	3 to 5 years (INR)	> 5 years (INR)	Total (INR)
Non current borrowings	-	127,899,015	68,636,294	-	196,535,309
Current maturities of non current borrowings	34,456,490	-	-	-	34,456,490
Current borrowings	84,753,971	-	-	-	84,753,971
Interest payable	1,346,073	-	-	-	1,346,073
Trade Payables	206,330,755	-	-	-	206,330,755
Other Payables	42,465,851	-	-	-	42,465,851
Total	369,353,140	127,899,015	68,636,294	-	565,888,449

s) Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on borrowings, as follows:

	Change in basis points		Effect on profit before tax	
	Increase	Decrease	Increase / (Decrease)	
March 31, 2017				
Indian Rupees	0.50%	0.50%	1,256,028	(1,256,028)

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.



Sriam Labs Private Limited

CIN : U24239TG2002PTC038490

Notes to Financial Statements for the year ended March 31, 2017

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

i) Foreign currency translation:

Initial recognition

Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using

Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the

II) Unhedged Foreign Exchange:

Forward Contract (Derivatives):

Forward contract outstanding as at Balance Sheet date:
March 31, 2017 Buy US \$ Nil
March 31, 2016 Buy US \$ Nil
March 31, 2015 Buy US \$ Nil

b) Details of Unhedged Foreign Currency Exposure:

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

	Currency	Amount in Foreign Currency	Amount in Rs.	Conversion Rate	Amount in Foreign Currency	Amount in Rs.	Conversion Rate	Amount in Foreign Currency	Amount in Rs.	Conversion Rate
Secured loans - Buyers credit	USD	346,145	22,443,557	64.84	-	-	-	-	-	-
Interest accrued but not due on borrowings	USD	437	28,334	64.84	-	-	-	-	-	-
Trade payables	USD	418,179	27,114,141	64.84	1,197,454	79,430,596	66.33	151,250	9,466,859	62.59
Trade receivables	USD	239,886	15,553,872	64.84	231,407	15,349,897	66.33	727,412	45,529,299	62.59

c) Foreign currency sensitivity:

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including foreign currency derivatives. The Company's exposure to foreign currency changes for all other currencies is not material.

	Change in USD rate	Effect on profit before tax
March 31, 2017	1%	(340,322)
March 31, 2016	1%	(640,807)
USD	1%	640,807



Sriam Labs Private Limited
CIN : U24239TG2002PTC038490

Notes to financial statements for the year ended March 31, 2017
(All amounts in Rupees except for share data or as otherwise stated)

3. Property, plant and equipment

Particulars	Freehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Computers	Vehicles	Total Tangible Assets (A)
<u>Gross Block</u>							
As at April 01, 2015	65,430,843	36,419,688	189,061,945	1,027,039	-	1,903,984	293,843,499
Additions	-	14,686,298	56,621,744	-	-	-	71,308,042
Disposals	-	-	-	-	-	-	-
As at March 31, 2016	65,430,843	51,105,986	245,683,689	1,027,039	-	1,903,984	365,151,541
Additions	2,743,000	192,600,485	338,286,420	87,550	-	-	533,717,455
Disposals	-	-	-	-	-	-	-
As at March 31, 2017	68,173,843	243,706,471	583,970,109	1,114,589	-	1,903,984	898,868,996
<u>Depreciation and Impairment</u>							
As at April 01, 2015	-	2,241,963	58,052,715	711,960	-	431,527	61,438,165
Charge for the year	-	1,389,634	22,520,212	73,164	-	182,461	24,165,471
Disposals	-	1,979	3,081,364	(173,981)	-	(57,000)	2,852,362
As at March 31, 2016	-	3,633,576	83,654,291	611,143	-	556,988	88,455,998
Charge for the year	-	6,825,329	38,456,995	67,505	-	330,028	45,679,857
Disposals	-	-	-	-	-	-	-
As at March 31, 2017	-	10,458,905	122,111,286	678,648	-	887,016	134,135,855
<u>Net Block</u>							
As at April 01, 2015	65,430,843	34,177,725	131,009,230	315,079	-	1,472,457	232,405,334
As at March 31, 2016	65,430,843	47,472,410	162,029,398	415,896	-	1,346,996	276,695,543
As at March 31, 2017	68,173,843	233,247,566	461,858,823	435,941	-	1,016,968	764,733,141



Sriam Labs Private Limited

CIN : U24239TG2002PTC038490

Notes to financial statements for the year ended March 31, 2017

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

4. Intangible Assets

Particulars	Total Intangible Assets (B)
Gross Block	
As at April 01, 2015	24,435,890
Additions	-
Disposals	-
As at March 31, 2016	24,435,890
Additions	-
Disposals	-
As at March 31, 2017	24,435,890
Amortisation and Impairment	
As at April 01, 2015	6,108,973
Charge for the year	6,108,973
Disposals	-
As at March 31, 2016	12,217,946
Charge for the year	6,108,972
Disposals	-
As at March 31, 2017	18,326,918
Net Block	
As at April 01, 2015	18,326,917
As at March 31, 2016	12,217,944
As at March 31, 2017	6,108,972



Sriam Labs Private Limited

CIN : U24239TG2002PTC038490

Notes to financial statements for the year ended March 31, 2017

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

5. Financial Assets
A Investments

	March 31, 2017	March 31, 2016	April 01, 2015
Investment in Equity shares of Atchutapuram Effluent Treatment Ltd	6,750,000	-	-
Total	6,750,000	-	-

B Loans
Non-Current (unsecured, considered good unless otherwise stated)

Security Deposits

Total

6,364,125	4,286,399	2,801,415
6,364,125	4,286,399	2,801,415

Current (unsecured, considered good unless otherwise stated)

Other loans

Total

-	-	13,000
-	-	13,000

C Others

	March 31, 2017	March 31, 2016	April 01, 2015
Non Current (unsecured, considered good unless stated otherwise)			
Bank Deposits	1,730,360	1,620,298	1,448,262
Total	1,730,360	1,620,298	1,448,262
Current (unsecured, considered good unless stated otherwise)			
Insurance claim receivable	36,929,699	124,392,035	135,560,028
	36,929,699	124,392,035	135,560,028
Less: Provision for insurance claim receivable	-	-	-
Total	36,929,699	124,392,035	135,560,028

6. Other Assets

	March 31, 2017	March 31, 2016	April 01, 2015
Current (unsecured, considered good unless otherwise stated)			
Advances recoverable in cash or kind	9,137,518	4,716,163.00	33,799,185
Prepayments	1,704,369	1,540,650.00	1,706,636
Balances with Statutory/Government Authorities	46,852,510	53,664,152.00	35,052,152
Export and other incentives receivable	3,519,183	1,765,983.00	167,688
Others	-	-	-
	61,213,580	61,686,948	70,725,661
Less: Provision for doubtful advances	-	-	-
Total	61,213,580	61,686,948	70,725,661

7. Deferred Tax Asset (Net)

	March 31, 2017	March 31, 2016	April 01, 2015
Deferred Tax Liability			
Income tax at the applicable rate on the difference between the aggregate book written down value and tax written down value of fixed assets	71,025,539	7,042,990	4,349,560
On account of previous year disallowances allowed during the year	-	381,253	-
(A)	71,025,539	7,424,243	4,349,560
Deferred Tax Asset			
Income tax at the applicable rate on unabsorbed business loss and depreciation	(124,470,421)	(10,782,641)	(545,334)
Impact of expenditure charged to the statement of Profit and Loss in the current year but allowed for tax purposes on payment basis	(1,298,207)	(1,985,015)	(921,932)
MAT credit entitlement	(6,252,293)	(6,252,293)	(6,252,294)
(B)	(132,020,921)	(19,019,949)	(7,719,559)
Deferred Tax Asset (Net)	(60,995,382)	(11,595,705)	(3,369,999)



Sriam Labs Private Limited

CIN : U24239TG2002PTC038490

Notes to financial statements for the year ended March 31, 2017

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

8. Inventories

	March 31, 2017	March 31, 2016	April 01, 2015
(At lower of cost and net realisable value)			
Raw Materials [including Port Stock and Stock in transit]	51,044,680	22,752,780	13,031,840
Work-in-progress	12,613,109	39,951,638	32,683,934
Finished Goods	21,255,643	35,157,155	14,121,952
Stores, spares and packing materials	5,467,326	3,954,427	1,923,139
Total	90,380,758	101,816,000	61,760,865

9. Trade Receivables

	March 31, 2017	March 31, 2016	April 01, 2015
Trade receivables	47,582,920	91,781,938	134,618,687
Receivable from related parties	-	10,947,442	48,502,682
	47,582,920	102,729,380	183,121,369

10. Cash and cash equivalents

	March 31, 2017	March 31, 2016	April 01, 2015
Cash and Cash Equivalents			
Balances with Banks			
- On Current Accounts	1,197,626	671,229	384,795
- Deposits with original maturity of less than three months	2,570,200	1,418,000	12,351,000
Cash on hand	78,202	101,756	32,291
Other Bank Balances			
On Deposit Accounts			
- Remaining maturity for more than twelve months	1,730,360	1,620,298	1,448,262
- Remaining maturity for less than twelve months	-	-	-
	5,576,388	3,811,283	14,216,348
Less : Amount disclosed under Other Assets	1,730,360	1,620,298	1,448,262
Total	3,846,028	2,190,985	12,768,086

Deposits are towards margin money given for letter of credit and bank guarantees.



11. Share Capital

	March 31, 2017	March 31, 2016	April 01, 2015
Authorised			
14,500,000 (March 31, 2016: 14,500,000, April 01, 2015: 14,500,000) Equity shares of Rs.10/- each	145,000,000	145,000,000	145,000,000
Total	145,000,000	145,000,000	145,000,000
Issued, Subscribed and Paid Up			
14,203,363 (March 31, 2016: 14,203,363, April 01, 2015 : 14,203,363) Equity share of Rs.10/- each fully paid up	142,033,630	142,033,630	142,033,630
Total	142,033,630	142,033,630	142,033,630

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

	March 31, 2017		March 31, 2016		April 01, 2015	
	No.	Rs.	No.	Rs.	No.	No.
Equity Shares of Rs.10 Each, Fully paid up						
Balance as per last financial statements	14,203,363	142,033,630	14,203,363	142,033,630	14,203,363	14,203,363
Issued during the year	-	-	-	-	-	-
Outstanding at the end of the year	14,203,363	142,033,630	14,203,363	142,033,630	14,203,363	14,203,363

11.2. Rights attached to Equity Shares

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share at the general meetings of the Company.

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

	March 31, 2017		March 31, 2016		April 01, 2015	
	% Holding	No.	% Holding	No.	% Holding	No.
Equity Shares of Rs. 10/- each Held By						
Dr.C.R.Naidu	-	-	32.22%	4,576,590	32.22%	4,576,590
Mrs.C.Venkata Surya Sasikala	-	-	6.73%	956,200	6.73%	956,200
Dr.V.Uma Maheswar Rao	-	-	14.08%	2,000,000	14.08%	2,000,000
M/s Laurus Labs Limited	100%	14,203,363	27.00%	3,834,908	27.00%	3,834,908

12. Other Equity

	March 31, 2017	March 31, 2016	April 01, 2015
Securities Premium			
Balance as per last financial statements	33,632,143	33,632,143	33,632,143
Add : Received during the year	-	-	-
Closing balance	33,632,143	33,632,143	33,632,143
Retained Earnings			
Opening balance	36,400,318	50,783,889	41,557,072
Add : Profit for the year	(66,762,485)	(14,383,572)	9,226,817
Net surplus in the Statement of profit and loss	(30,362,167)	36,400,318	50,783,889
Items of Other Comprehensive Income			
Opening balance	(514,895)	-	-
Add : During the year	(432,664)	(514,895)	-
Closing balance	(947,559)	(514,895)	-



13. Financial Liabilities

	March 31, 2017	March 31, 2016	April 01, 2015
Non Current borrowings			
Term Loans			
Indian Rupee loans from banks (Secured) (a and b)	243,319,119	315,599,924	196,072,694
Other Loans and Advances			
Vehicle loans from banks (Secured) (c)	203,868	340,387	462,615
Total	243,522,987	315,940,311	196,535,309
Current Maturities of Non Current borrowings			
Term Loans			
Indian Rupee loans from banks (Secured) (a and b)	69,464,375	58,122,188	34,210,000
Other Loans and Advances			
Vehicle loans from banks (Secured) (c)	190,224	190,224	246,490
	69,654,599	58,312,412	34,456,490
Less: Amount disclosed under the head 'other current financial liabilities'	(69,654,599)	(58,312,412)	(34,456,490)
Total	-	-	-
Current borrowings			
Cash Credits and Working Capital Demand Loan (d)			
Indian Rupee loans from banks (Secured) (d)	139,653,452	113,351,681	84,753,971
Foreign Currency loans from banks (Secured) (d)	-	-	-
Buyers Credit from banks (Secured) (d)	22,443,359	-	-
Total	162,096,811	113,351,681	84,753,971

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

Name of the Bank	Outstanding As on March 31, 2017	Outstanding As on March 31, 2016	Outstanding As on April 01, 2015	Sanction Amount	No. of Instalments	Commencement of instalments	Rate of Interest
Andhra Bank TL2	2,940,000	14,700,000	26,460,001	58,800,000	20 quarterly instalments of Rs.29.40 Lacs each	September 2012	MCLR + 1.10%+0.50% p.a. (March 31, 2016: Base rate plus 3.75%+0.25% p.a.)
Andhra Bank TL3	13,985,055	28,001,486	36,385,055	56,000,000	20 quarterly instalments of Rs.28 Lacs each	September 2013	MCLR + 1.10 %+0.50% p.a. (March 31, 2016: Base rate plus 3.50%+0.50% p.a.)
Andhra Bank TL4	262,108,439	282,270,626	107,437,638	282,300,000	28 quarterly instalments of Rs.100.81 Lacs each	October 2016	MCLR + 1.10 %+0.50% p.a. (March 31, 2016: Base rate plus 3.25%+0.50% p.a.)
Andhra Bank Corporate Loan	33,750,000	48,750,000	60,000,000	60,000,000	16 quarterly instalments of Rs.37.50 Lacs each	June 2015	MCLR + 1.10 %+0.50% p.a. (March 31, 2016: Base rate plus 3.25%+0.50% p.a.)

(b) Security details: First charge on all the fixed assets of the company.

Collateral Security on the following assets:

- Factory Premises on land measuring AC.4-24 Cuntas in Sy. No. 505 at Padamati Somaram Road, Bibinagar (V) & (M), Nalgonda district.
- Eq. Mortgage of Building bearing H.No.8-3-982/4 in land area of 300 sq.yds with built-up area of 2900 sft at Sri Nagar Colony, Hyderabad .
- Eq. Mortgage of house in D.No.1-2-118/G1, in site of 107.25 sq.yds with ground and first floors of 658.51 sq.ft. each, in Court Road, Prakasam Road Residential area, Tirupati.
- Eq. Mortgage of residential house No. 8-3-684/3/13, Plot No. 13, Sy.No.96, Yellareddy guda Hyderabad, in 300 sq.yds site with ground floor of 910 sft and first floor of 630 sft.
- Lien on Kalpataru Deposit (KTD) .
- Extension of EM of factory land& civil works and hypothecation of plant & machinery and other equipment with total project outlay at Visakhapatnam

(c) Vehicle loans from banks are repayable in 60 monthly instalments from the date of the loan and secured by hypothecation of the respective vehicles.

(d) Current borrowings are availed in Rupee. Interest on rupee loans ranges from MCLR plus 1.20% (March 31, 2016: Base rate plus 3.25%, April 01, 2015: Base rate plus 1% to 3.25%). Buyers credit loan interest ranges from 1.06% to 2.46% . These borrowings are secured by Hypothecation of stocks of raw material, WIP , Consumables, Finished goods, Receivables and all chargeable current assets on first charge basis.



14 Trade Payables

	March 31, 2017	March 31, 2016	April 01, 2015
- Outstanding dues micro enterprises and small enterprises	-	-	-
- Outstanding dues to creditors other than micro enterprises and small enterprises	121,399,492	188,271,376	206,330,755
- Outstanding dues to related parties	272,010,752	35,000,000	-
	393,410,244	223,271,376	206,330,755

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing

15 Other Current financial Liabilities

	March 31, 2017	March 31, 2016	April 01, 2015
Recognised at Amortised Cost			
Current maturities of long term borrowings	69,654,599	58,312,412	34,456,490
Capital Creditors	63,504,869	142,194,242	42,465,851
Interest accrued but not due on borrowings	340,290	7,649,953	1,346,073
Total	133,499,758	208,156,607	78,268,414

16 Net employee defined benefit liabilities

	March 31, 2017	March 31, 2016	April 01, 2015
A) Long Term Provisions			
Provision for Gratuity	4,337,079	3,200,635	2,134,961
Provision for Compensated absences	1,694,402	1,046,335	-
Total	6,031,481	4,246,970	2,134,961
B) Short Term Provisions			
Provision for Gratuity	123,593	79,048.00	-
Provision for Compensated absences	138,639	87,253.00	478,510
Total	262,232	166,301.00	478,510

17 Current tax assets and liabilities

	March 31, 2017	March 31, 2016	April 01, 2015
Current tax liabilities			
Provision for taxes	4,765,650	3,269,810	4,773,299
	4,765,650	3,269,810	4,773,299
Current tax assets			
Advance tax	5,697,444	5,224,016	5,050,869
Total	5,697,444	5,224,016	5,050,869

18 Other Liabilities

	March 31, 2017	March 31, 2016	April 01, 2015
Current			
Advances from customers	712,030	64,500	17,879
Advance received from Insurance Company	-	40,000,000	25,000,000
Statutory dues	1,710,143	1,260,642	892,286
Total	2,422,173	41,325,142	25,910,165

19 Provisions

	March 31, 2017	March 31, 2016	April 01, 2015
Provision for Bonus	1,965,026	1,782,675	1,175,057
Total	1,965,026	1,782,675	1,175,057



Sriam Labs Private Limited

CIN : U24239TG2002PTC038490

Notes to financial statements for the year ended March 31, 2017

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

		For the year ended March 31, 2017	For the year ended March 31, 2016
20 Revenue from Operations			
Sale of Products (including excise duty)			
Income from Sale of API and Intermediates		493,604,435	525,345,189
Income from Sale of Traded goods		-	-
	(A)	<u>493,604,435</u>	<u>525,345,189</u>
Other Operating Revenue			
Export and other Incentives		4,500,641	3,177,079
	(B)	<u>4,500,641</u>	<u>3,177,079</u>
Revenue from Operations (Gross)	(A+B)	<u><u>498,105,076</u></u>	<u><u>528,522,268</u></u>

21 Other Income

	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest Income on Deposits and Margin money	651,620	1,273,573
Others - Insurance Claim	12,537,664	-
Net Gain on Foreign Exchange Fluctuations	94,205	1,579,616
Total	<u><u>13,283,489</u></u>	<u><u>2,853,189</u></u>

22 Cost of Materials Consumed

	For the year ended March 31, 2017	For the year ended March 31, 2016
Raw Materials Consumed		
Opening stock at the beginning of the year	22,752,781	13,031,840
Add : Purchases	295,666,210	389,887,168
Less : Sale of materials	-	-
	<u>318,418,991</u>	<u>402,919,008</u>
Less : Closing stock at the end of the year	<u>51,044,680</u>	<u>22,752,780</u>
	<u><u>267,374,311</u></u>	<u><u>380,166,228</u></u>

Details of Closing Inventory of Raw Material

	For the year ended March 31, 2017	For the year ended March 31, 2016
(4R-CIS)-6[(Acetyloxy) Methyl]-2,2-Dimethyl-1,3-Dioxane-4-acetic acid 1,1-Dimethyl ethyl ester (D5)	-	3,013,258
FADCP	-	2,474,112
(S,S)-2,8-Diazabicyclo(4,3,0) Nonane	8,484,493	1,966,125
Moxi Ester	6,703,763	1,493,932
Sodium Boro Hydride Powder	4,740,404	-
3,5-Dihydroxy Benzoic Acid	4,565,078	-
3-N,N-Dimethylamino-2-Methylpropyl Chloride Hcl	3,202,222	-
9-(4-Acetoxy -3-Acetoxymethylbut-1-Yl) -2-Amino 6-Chloropurine	2,497,217	-
1-Methyl-3-Phenyl Propylamine	1,695,015	-
Others	19,156,488	13,805,353
Total	<u><u>51,044,680</u></u>	<u><u>22,752,780</u></u>



Sriam Labs Private Limited

CIN : U24239TG2002PTC038490

Notes to financial statements for the year ended March 31, 2017

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

23 Increase in Inventories of Finished Goods and Work-in-Progress

	For the year ended March 31, 2017	For the year ended March 31, 2016
Opening stock of inventories		
Finished goods of API and Intermediates	35,157,155	14,121,952
Work-in-Progress of API and Intermediates	39,951,638	32,683,934
	<u>75,108,793</u>	<u>46,805,886</u>
Closing stock of inventories		
Finished goods of API and Intermediates	21,255,643	35,157,155
Work-in-Progress of API and Intermediates	12,613,109	39,951,638
	<u>33,868,752</u>	<u>75,108,793</u>
Increase in inventories	<u>41,240,041</u>	<u>(28,302,907)</u>
Increase in Finished goods of API and Intermediates	13,901,512	(21,035,203)
Decrease/(Increase) in Work-in-Progress of API and Intermediates	27,338,529	(7,267,704)
Increase in inventories of finished goods and work-in-progress	<u>41,240,041</u>	<u>(28,302,907)</u>

24 Other Manufacturing Expenses

	For the year ended March 31, 2017	For the year ended March 31, 2016
Conversion charges	5,819,926	4,315,646
Factory maintenance	9,616,691	4,102,346
Effluent treatment expenses	3,314,827	1,906,982
Power and Fuel	44,742,525	25,071,724
Repairs & maintenance		
Plant and machinery	3,853,246	2,783,891
Buildings	371,549	282,241
Others	2,226,406	1,376,590
Others	1,040,936	448,477
Total	<u>70,986,106</u>	<u>40,287,897</u>

25 Employee Benefits Expenses

	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries, allowances and wages	66,672,950	42,922,867
Contribution to provident fund and other funds	2,378,861	1,596,810
Gratuity expense	554,847	399,577
Managerial remuneration	8,040,215	7,133,418
Staff welfare expenses	7,656,123	4,779,231
Total	<u>85,302,996</u>	<u>56,831,903</u>

26 Operating and Selling Expenses

	For the year ended March 31, 2017	For the year ended March 31, 2016
Rent	3,119,234	2,715,601
Rates and taxes	4,478,875	1,561,787
Office maintenance	1,506,993	842,570
Insurance	2,667,104	2,018,340
Printing and stationery	1,367,193	965,962
Consultancy and other professional charges	2,914,352	842,386
Membership and subscription	142,029	4,120
Remuneration to auditors		
-Audit Fee	130,000	130,000
-Tax audit fee	45,000	45,000
-Out of pocket expenses	17,300	7,650
Travelling and conveyance	1,864,233	2,038,812
Communication expenses	1,193,440	776,887
Loss on Foreign Exchange Fluctuations	-	-
Advances and bad debts written off	1,531,216	-
Carriage outwards	1,121,162	405,209
Commission on sales	7,464,365	3,099,604
Other selling expenses	1,369,555	813,841
Business Promotion and Advertisement	20,000	100,994
Miscellaneous expenses	111,750	55,528
Total	<u>31,063,801</u>	<u>16,424,291</u>



Sriam Labs Private Limited

CIN : U24239TG2002PTC038490

Notes to financial statements for the year ended March 31, 2017

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

27 Finance Expenses

	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest		
- on Term loans	43,096,849	15,506,136
- on working capital loans	18,709,693	20,143,636
- on others	131,357	70,781
Bank charges	3,301,204	4,461,207
Total	65,239,103	40,181,760

28 Components of Other Comprehensive Income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

	For the year ended March 31, 2017	For the year ended March 31, 2016
Retained earnings:		
Re-measurement gains / (losses) on employee defined benefit plans	(626,142)	(745,145)
Deferred Tax Charge/ (Credit)	(193,478)	(230,250)
Total	(432,664)	(514,895)

29 Earnings per share (EPS)

	For the year ended March 31, 2017	For the year ended March 31, 2016
The following reflects the profit and share data used in the basic and diluted EPS computations:		
Profit after tax	(67,195,149)	(14,898,467)
Less: Preference dividend and tax thereon	-	-
Profit available for equity shareholders	(67,195,149)	(14,898,467)
Weighted average number of equity shares in calculating basic earnings per share	14,203,363	14,203,363
Add: Effect of dilution	-	-
Weighted Average number of Equity Shares in computing diluted earnings per share	14,203,363	14,203,363
Face value of each equity share (Rs.)	10	10
Earnings per share		
- Basic (Rs.)	(4.73)	(1.05)
- Diluted (Rs.)	(4.73)	(1.05)



Notes to financial statements for the year ended March 31, 2017

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

30 Taxes

(a) Income tax expense:

The major components of income tax expenses for the year ended March 31, 2017 and for the year ended March 31, 2016 are:

(i) Profit or loss section

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Current tax expense	1,925,124	-
Minimum Alternate Tax credit entitlement	-	-
Deferred tax	(49,206,198)	(7,995,457)
Total income tax expense recognised in statement of Profit & Loss	(47,281,074)	(7,995,457)

(ii) OCI Section

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Net (gain) on remeasurement of defined benefit plans	(193,478)	(230,250)
Income tax charged to OCI	(193,478)	(230,250)

(b) Reconciliation of effective tax rate:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Income before income tax (A)	(114,043,559)	(22,379,029)
Enacted tax rate in India (B)	30.90%	30.90%
Expected tax expenses (C = A*B)	(35,239,460)	(6,915,120)
Other than temporary difference		
Deduction under section 32AC of the Income Tax Act, 1961	(50,675,187)	-
Deduction under section 32AD of the Income Tax Act, 1961	(49,695,793)	-
Adjustment for taxes with respect to earlier years	61,401,354	(3,496,239)
Total (D)	(38,969,626)	(3,496,239)
Profit after adjusting permanent difference	(153,013,185)	(25,875,268)
Expected tax expense	(47,281,074)	(7,995,458)
Total Tax expense	(47,281,074)	(7,995,457)
Effective Tax Rate	41.5%	35.7%



Notes to financial statements for the year ended March 31, 2017

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

31 Related party disclosures

Names of related parties and description of relationship

Name of the related party	Relationship
Company which exercises significant influence	
i) Laurus Labs Limited	Company holding substantial interest
Key Management Personnel	
i) Dr. C. Ramachandra Naidu#	Chairman & Managing Director
ii) Dr. V. Uma Maheswara Rao *	Executive Director
iii) Mr. C. Hari Kiran#	Executive Director
iv) Dr. GSR Anjaneyulu	Director
v) Dr. CV Lakshmana Rao	Director
vi) Mr. S. Srinivasa Rao	Director

* Resigned with effect from June 9, 2016

Resigned with effect from November 1, 2016

Transactions during the year:

Company which exercises significant influence	March 31, 2017	March 31, 2016
Laurus Labs Limited		
Conversion Charges	21,002,188	7,949,560
Sale of goods	228,386,087	160,261,714
Purchase of goods	54,933,926	4,827,761
Purchase of Assets	13,785,760	1,194,059

Key Management Personnel	March 31, 2017	March 31, 2016
i) Dr. C. Ramachandra Naidu		
Remuneration #	2,325,158	3,765,878
ii) Dr. V. Uma Maheswara Rao *		
Remuneration	1,215,613	6,181,913
iii) Mr. C. Hari Kiran		
Remuneration #	4,499,443	3,785,627

Remuneration matching with Employee benefit expense.

Closing Balances - Debit/ (Credit)

	March 31, 2017	March 31, 2016	April 01, 2015
a) Company which exercises significant influence			
Laurus Labs Limited	(272,010,752)	(24,052,558)	48,502,682
b) Key Management Personnel			
i) Dr. C. Ramachandra Naidu#			
Remuneration payable	-	(300,000)	(300,000)
ii) Dr. V. Uma Maheswara Rao *			
Remuneration payable	-	(500,000)	(500,000)
iii) Mr. C. Hari Kiran#			
Remuneration payable	-	(300,000)	(300,000)



Notes to financial statements for the year ended March 31, 2017

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

32 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure in consideration to the changes in economic conditions and the requirements of the financial covenants. To maintain the capital structure, the Company may adjust the return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, borrowings including interest accrued on borrowings, trade and other payables, less cash and short-term deposits.

	March 31, 2017	March 31, 2016
Borrowings including interest accrued on borrowings (Refer Note 13)	475,614,687	495,254,357
Less: cash and short-term deposits (Refer Note 10)	(3,846,028)	(2,190,985)
Net debt	471,768,659	493,063,371
Equity	142,033,630	142,033,630
Other Equity	2,322,417	69,517,566
Total Equity	144,356,047	211,551,196
Gearing ratio (Net Debt/ Total Equity)	3.27	2.33

33. First time adoption of Ind AS

With effect from April 1, 2016, the Company is required to prepare its financial statements under the Indian Accounting Standards ('Ind AS') prescribed under section 133 of the Companies Act, 2013 read together with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015.

The Company will prepare and issue its first complete Ind AS financial statements as at and for the year ended March 31, 2017. Until the first complete Ind AS financial statements are issued, the balances in the Special Purpose Ind AS Standalone Financial Statements can change if (a) there are any new Ind AS standards issued through March 31, 2017, (b) there are any amendments/modifications made to existing Ind AS standards or interpretations thereof through March 31, 2017 effecting the Ind AS balances in these financial statements and (c) if the Company makes any changes in the elections and/or exemptions selected on adoption of Ind AS at its transition date of April 1, 2015. Only a complete set of financial statements together with comparative financial information can provide a fair presentation of a company's state of affairs (financial position), profit/loss (financial performance including other comprehensive income), cash flows and the changes in equity.

Accordingly, in preparing these Special Purpose Ind AS Standalone financial statements, the Company's opening balance sheet was prepared as at April 01, 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 01, 2015 and the financial statements as at March 31, 2017 and March 31, 2016 and for the year ended March 31, 2017 and for the year ended March 31, 2016.

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

- The Company has elected to regard carrying values for all of property, plant and equipment as deemed cost at the date of the transition since they were broadly comparable to fair value.
- Due to the application of Ind AS 109 derecognition requirements, an entity may not be able to derecognize financial assets transferred under the arrangements, such as, bill discounting and/or factoring of trade receivables, in entirety, if it has provided credit enhancement to the transferor. Rather, based on the specific facts, the entity will evaluate whether it should treat the transfer as a financing transaction (i.e., debt) or continuing involvement approach will apply which requires the entity to continue recognizing the transferred asset to the extent of its continuing involvement. Also, a first-time adopter may not have collected the requisite information to apply Ind AS 109 requirement to transfer of financial assets/liabilities which has taken place before the transition date. Ind AS 101 requires a first-time adopter to apply derecognition requirements in Ind AS 109 prospectively to transactions occurring on or after the date of transition to Ind AS. Accordingly, the Company continues to de-recognise the financial assets for transactions which have occurred before the date of transition to Ind AS.

Estimates

The estimates at April 01, 2015 is consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies).



34. Reconciliation with previous GAAP

A.1 Reconciliation of equity as previously reported under Previous GAAP (I GAAP) to Ind AS as at April 01, 2015:

	Notes	Previous GAAP	Effect of transition to Ind AS	Ind AS
ASSETS				
Non Current Assets				
Property, Plant and Equipment		232,405,334	-	232,405,334
Capital work in progress		99,458,296	-	99,458,296
Intangible assets		18,326,918	-	18,326,918
Financial Assets		-	-	-
Loans		2,801,415	-	2,801,415
Others		1,448,262	-	1,448,262
Other non-current assets		-	-	-
Deferred Tax Assets (Net)		(2,882,295)	6,252,294	3,369,999
		351,557,930	6,252,294	357,810,224
Current Assets				
Inventories		61,760,865	-	61,760,865
Financial Assets		-	-	-
Loans		13,000	-	13,000
Trade receivables		183,121,369	-	183,121,369
Cash and cash equivalents		12,768,087	-	12,768,087
Others	(i)	141,812,322	(6,252,294)	135,560,028
Current tax assets		5,050,869	-	5,050,869
Other Current Assets		70,725,661	-	70,725,661
		475,252,173	(6,252,294)	468,999,879
Total Assets		826,810,103	-	826,810,103
EQUITY and LIABILITIES				
Shareholders' Funds				
Share Capital		142,033,630	-	142,033,630
Other Equity		-	-	-
Capital reserve		-	-	-
Securities Premium		33,632,143	-	33,632,143
Retained earnings		50,783,889	-	50,783,889
Other reserves		-	-	-
Total Equity		226,449,662	-	226,449,662
Non Current Liabilities				
Financial Liabilities		-	-	-
Borrowings		196,535,309	-	196,535,309
Net employee defined benefit liabilities		2,134,961	-	2,134,961
		198,670,270	-	198,670,270
Current Liabilities				
Financial Liabilities		-	-	-
Borrowings		84,753,971	-	84,753,971
Trade Payables		206,330,755	-	206,330,755
Other Current financial Liabilities		78,268,414	-	78,268,414
Net employee defined benefit liabilities		478,510	-	478,510
Current tax liabilities		4,773,299	-	4,773,299
Other current liabilities		25,910,165	-	25,910,165
Provisions		1,175,057	-	1,175,057
		401,690,171	-	401,690,171
Total Equity and Liabilities		826,810,103	-	826,810,103



A.2 Reconciliation of equity as previously reported under Previous GAAP (I GAAP) to Ind AS as at March 31, 2016:

	Previous GAAP	Effect of transition to Ind AS	Ind AS
ASSETS			
Non Current Assets			
Property, Plant and Equipment	276,695,543	-	276,695,543
Capital work in progress	418,606,814	-	418,606,814
Intangible assets	12,217,946	-	12,217,946
Financial Assets			
Loans	-	-	-
Others	4,286,399	-	4,286,399
Other non-current assets	1,620,298	-	1,620,298
Deferred Tax Assets (Net)	-	-	-
	(i) 5,343,413	6,252,293	11,595,706
	718,770,413	6,252,293	725,022,706
Current Assets			
Inventories	101,816,000	-	101,816,000
Financial Assets	-	-	-
Loans	-	-	-
Trade receivables	102,729,380	-	102,729,380
Cash and cash equivalents	2,190,985	-	2,190,985
Others	130,644,328	(6,252,293)	124,392,035
Current tax assets	5,224,016	-	5,224,016
Other Current Assets	61,686,948	-	61,686,948
	404,291,657	(6,252,293)	398,039,364
Total Assets	1,123,062,070	-	1,123,062,070
EQUITY and LIABILITIES			
Shareholders' Funds			
Share Capital	142,033,630	-	142,033,630
Other Equity	-	-	-
Capital reserve	-	-	-
Securities Premium	33,632,143	-	33,632,143
Retained earnings	36,400,318	-	36,400,318
Other reserves	(514,895)	-	(514,895)
Total Equity	211,551,196	-	211,551,196
Non Current Liabilities			
Financial Liabilities			
Borrowings	315,940,311	-	315,940,311
Net employee defined benefit liabilities	4,246,970	-	4,246,970
Other non current Liabilities	-	-	-
Deferred Tax Liabilities (Net)	-	-	-
	320,187,281	-	320,187,281
Current Liabilities			
Financial Liabilities			
Borrowings	113,351,681	-	113,351,681
Trade Payables	223,271,376	-	223,271,376
Other Current financial Liabilities	208,156,607	-	208,156,607
Net employee defined benefit liabilities	166,301	-	166,301
Current tax liabilities	3,269,810	-	3,269,810
Other current liabilities	41,325,142	-	41,325,142
Provisions	1,782,675	-	1,782,675
	591,323,592	-	591,323,592
Total Equity and Liabilities	1,123,062,069	-	1,123,062,069



Sriam Labs Private Limited
CIN : U24239TG2002PTC038490
Notes to financial statements for the year ended March 31, 2017

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

B. Reconciliation of Statement of Profit and Loss as previously reported under Previous GAAP (IGAAP) to Ind AS for the year ended March 31, 2016:

		Previous GAAP	Effect of transition to Ind AS	Ind AS
INCOME				
Revenue from Operations (Gross)	(ii)	513,483,759	15,038,509	528,522,268
Other Income		2,853,189	-	2,853,189
Total Revenue (I)		516,336,948	15,038,509	531,375,457
EXPENSES				
Cost of Materials Consumed		380,166,227	-	380,166,227
Increase in Inventories of Finished Goods and Work-in-Progress		(28,302,907)	-	(28,302,907)
Excise duty on sale of goods	(ii)	-	15,038,509	15,038,509
Other Manufacturing Expenses		40,287,897	-	40,287,897
Employee Benefits Expenses	(iii)	57,577,048	(745,145)	56,831,903
Operating and Selling Expenses		16,424,291	-	16,424,291
Total Expenses (II)		466,152,556	14,293,364	480,445,920
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) (I-II)		50,184,392	745,145	50,929,537
Depreciation and Amortisation		30,274,444	-	30,274,444
Finance Expenses		40,181,760	-	40,181,760
Profit Before Exceptional Items & Tax		(20,271,812)	745,145	(19,526,667)
Prior Period Expenditure		2,852,362	-	2,852,362
Profit Before Tax		(23,124,174)	745,145	(22,379,029)
Tax Expense				
Current Tax		-	-	-
Minimum Alternate Tax credit entitlement		-	-	-
Deferred Tax Charge/ (Credit)		(8,225,707)	(230,250)	(7,995,457)
Income tax expense/(Credit)		(8,225,707)	(230,250)	(7,995,457)
Profit for the year		(14,898,467)	514,895	(14,383,572)
OTHER COMPREHENSIVE INCOME				
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Re-measurement gains / (losses) on employee defined benefit plans	(iii)	-	(745,145)	(745,145)
Income tax effect		-	(230,250)	(230,250)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		-	(514,895)	(514,895)
Other comprehensive income for the year, net of tax		-	(514,895)	(514,895)
Total comprehensive income for the year, net of tax		(14,898,467)	-	(14,898,467)

Notes to reconciliation of equity as at April 01, 2015, March 31, 2016 and profit or loss for the year ended March 31, 2016.

(i) MAT Credit entitlement

MAT credit entitlement is to be presented under loans and advance in accordance with Guidance Note on "Accounting for Credit available in respect of MAT under the Income Tax Act, 1961" issued by ICAI. As per Ind AS, MAT credit entitlement is generally recognized as a deferred tax asset with a corresponding deferred tax benefit in the income statement. Accordingly, the Company has reclassified the MAT credit entitlement from loans and advances to deferred tax assets.

(ii) Excise Duty on sale of Goods

As far as disclosure of excise duty in presentation of revenue from sales transactions is concerned, AS 9 specifically provides that the excise duty included in the turnover should be shown as reduction from the gross turnover on the face of the statement of profit and loss. Though Ind AS 18 does not specifically prescribe any guidance for presentation of excise duty, the entity may provide the information related to turnover gross of excise duty as well as net of excise duty in the notes. Accordingly the Company has opted to present revenue gross of excise duty.

(iii) Remeasure of actuarial gains/ (losses):

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements comprising of actuarial gains and losses are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.

(iv) Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.



Notes to financial statements for the year ended March 31, 2017
(All amounts in Rupees except for share data or as otherwise stated)

35 Contingent Liabilities

Outstanding bank guarantees (excluding performance obligations)
Bills discounted

March 2017	March 2016	April 2015
700,000	-	-
-	52,839,774	30,408,523
700,000	52,839,774	30,408,523

36 CIF Value of Imports

Raw Materials
Others

March 2017	March 2016
123,707,980	233,215,625
-	7,313,200
123,707,980	240,528,825

37 Earnings In Foreign Exchange

API

March 2017	March 2016
105,755,769	93,806,175
105,755,769	93,806,175

Figures of the previous year have been rearranged wherever necessary to them comparable with the current year's classification.
As per our report of even date

For Ramasamy Koteswararao & Co.
Chartered Accountants
Firm Registration Number :010396S

C. V. Koteswara Rao
Partner
Membership No.028353



Place: Hyderabad
Date: May 11, 2017

For and on behalf of the Board of Directors
Sriam Labs Private Limited

Dr. G S R Anjaneyulu
Director

Dr. C V Lakshmana Rao
Director

S Srinivasa Rao
Director

S Janaki
Company Secretary

Place: Hyderabad
Date: May 11, 2017

