



**BUILT
FOR THE
LONG-TERM**



CONTENTS

The Year in Review

- 02 Introducing Laurus Labs
- 04 Manufacturing Facilities

Performance Review

- 06 Business Review
- 10 Operational Highlights
- 12 Financial Highlights
- 14 CEO's Perspective

Strategic Review

- 16 Value Creation Model
- 18 Growth Strategy
- 20 Operating Environment

Built for the Long-term

- 22 Formulations Play Builds Long-term Value
- 24 Synthesis Business to Drive Growth
- 26 Strong Chemistry Skills

Governance

- 28 Board of Directors
- 30 Management Team
- 32 Governance Framework and Risk Management

People & CSR

- 34 People Practices
- 36 Environment, Health and Safety
- 38 Corporate Social Responsibility
- 39 Achievements

Management Commentary

- 40 Management Discussion and Analysis

Statutory Reports


- 52 Board's Report
- 57 Annexures to Board's Report
- 78 Report on Corporate Governance
- 95 Business Responsibility Report

Financial Statements

- 100 Standalone Financial Statements
- 151 Consolidated Financial Statements


- 206 Notice

A Foundation for the Future


 Read more about Laurus Labs on Page 2



Building for the Future

 Read more about Dr. C. Satyanarayana's views on Page 14

Delivering on our Strategy

 Read more about Laurus's strategy on Page 18



Explore Online

For further information, log on to www.lauruslabs.com



Social Media

Follow us and join the conversation

Forward-looking Statement

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

Building on Our Core Strengths

Laurus Labs is using its expertise in offering a broad and integrated portfolio of research and manufacturing services spanning the entire drug development continuum to the global pharmaceutical industry.

Our overarching focus is to help improve the quality of life for millions around the world through affordable medicines.

We are building on our core strengths by expanding capacities, enriching our portfolio by entering the formulations cycle of the value chain and following global best practises. We have made long-term strategic decisions in key areas to drive faster growth and create better outcomes for stakeholders around the world.

We have committed significant investments in infrastructure and

facilities for almost all our businesses to support potential revenue scale-up in the foreseeable future and also for the long term.

We are further building on our API strengths to forward integrate into FDF. We have several formulation dossiers under development for the US, Europe and other emerging markets and we intend to selectively pursue Paragraph IV filing opportunities in the US. The recently awarded formulation contracts provide significant scope for future growth. We have also commenced commercial

supplies from Unit 5 to Aspen and have received new orders.

We are excited about the opportunity landscape that is unfolding around us. Our decade-and-a-half-rich experience and expertise uniquely position us to build on the foundation that we have created with a long-term perspective and to help improve access to quality and affordable healthcare worldwide.

2018 - 19 Highlights

Net Sales

₹22,919 million

11.5% ↑
(y-o-y growth)

Profit after Tax

₹938 million

44% ↓
(y-o-y)

Dividend per Share

₹1.50

(Face value of ₹10)

INTRODUCING LAURUS LABS

A Foundation for the Future

Laurus Labs is a leading developer and manufacturer of generic APIs with focus on products where it has cost leadership, led by innovation in process chemistry and manufacturing efficiencies.

Apart from manufacturing APIs, we develop and manufacture oral solid formulations, provide Contract Research and Manufacturing Services (CRAMS) services to other global pharmaceutical companies, and also produces specialty ingredients for nutraceuticals, dietary supplements and cosmeceuticals. Innovation, people and clients are our three major focus areas.

We offer a broad and integrated portfolio of products and services to the global pharmaceutical industry. Since inception in 2005, our experience, expertise and core strengths have enabled us to help our clients reach relevant markets quicker and contribute towards improving access to quality and affordable healthcare worldwide.



Key Differentiators



Value creation through innovative science, customer-centric approach and cost effectiveness



Strong work ethics driven by sound systems and best practices, highest quality standards, emphasis on delivery and a strong focus on IP



State-of-the-art infrastructure and facilities supported by highly capable personnel



Sound business model built on being a strategic partner to the client, and not merely a service provider



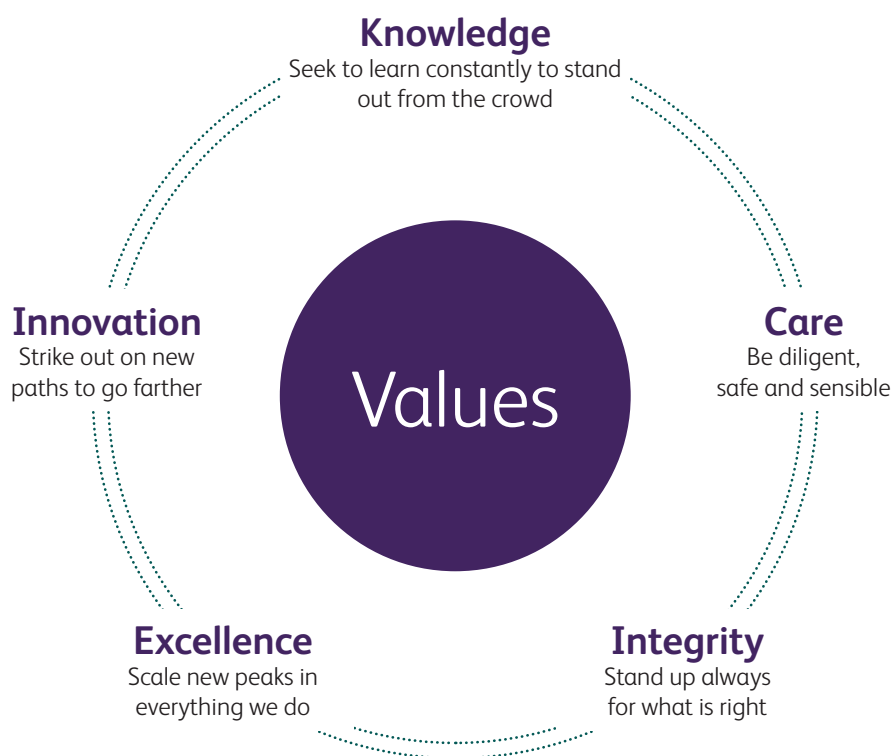
Experienced R&D team and a large differentiated pipeline

Vision

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

Mission

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



Key Numbers

<p>50+</p> <p>Products commercialised since inception</p>	<p>54</p> <p>DMFs filed</p>	<p>238</p> <p>Patents filed</p>	<p>81</p> <p>Patents granted</p>
<p>19</p> <p>Abbreviated New Drug Applications (ANDAs) and dossiers filed</p>	<p>3,612</p> <p>Employees (Consolidated)</p>	<p>200+</p> <p>Serving customers</p>	<p>56</p> <p>Countries presence</p>

* Figures as on March 31, 2019

MANUFACTURING FACILITIES

Robust Manufacturing Presence

Built to world-class standards, our manufacturing facilities enable us to produce high-quality and affordable medicines. We currently operate six manufacturing facilities in Vishakhapatnam, Andhra Pradesh and one facility in Hyderabad.



KILO LAB

Located in R&D at Shamirpet, Telangana India.

This facility is highly suitable for pre-commercialisation activities for APIs, Ingredients, Custom Synthesis and Contract Manufacturing

43

Reactors and a capacity of 4.3 Kilo Litres (KL)

Approvals Received
USFDA, KFDA and PMDA



UNIT 1

Located at Jawaharlal Nehru Pharma City, Vishakhapatnam, India

API manufacturing facility includes capacity for ingredients, synthesis and contract manufacturing

Commenced operations in 2007

319

Reactors with 1,180 KL capacity

Approvals Received
USFDA, WHO - Geneva, NIP - Hungary, KFDA, COFEPRIS and PMDA



UNIT 2

Located at APIIC, Achutapuram, Visakhapatnam, India (SEZ)

FDF and API manufacturing facility

Commenced operations in 2017

5 billion

FDF capacity of tablets/capsules per year

12

Reactors with 83 KL capacity

Approvals Received
BVG Hamburg Germany, USFDA, WHO - Geneva, JAZMP - Slovenia and various African countries

Scope for expansion
More than double the current capacity of drug product and drug substance

UNIT
3

Located at Jawaharlal
Nehru Pharma City,
Vishakhapatnam, India

API manufacturing facility
and includes capacity for
ingredients, synthesis and
contract manufacturing

Commenced operations
in 2015

227

Reactors with 1,752 KL
capacity

Approvals Received
USFDA, WHO - Geneva
and NIP - Hungary

UNIT
4

Located at APIIC,
Achutapuram,
Visakhapatnam, India

API manufacturing
facility and includes
capacity for ingredients,
synthesis and contract
manufacturing

Commercial operations
in 2018

32

Reactors with 85 KL
capacity

Approvals Received
COFEPRIS - Mexico

Scope for expansion
Significant capacity
expansion possible

UNIT
5

Located at Jawaharlal
Nehru Pharma City,
Vishakhapatnam, India
(SEZ)

A dedicated hormone
and steroid facility for
Aspen

Commenced operations
in 2017

46

Reactors with 125 KL
capacity

Scope for expansion
Capacity can be expanded
by almost 100%

UNIT
6

Located at APIIC,
Achutapuram,
Visakhapatnam, India

API manufacturing
facility

Commenced commercial
operations in 2018

45

Reactors with 261 KL
capacity

Received approval from
USFDA

Scope for expansion
More than three
times of current capacity

BUSINESS REVIEW

Our Value-creating Business

1

Generics APIs

Comprises the development, manufacture and sale of APIs and advanced intermediates in the Antiretroviral (ARV), hepatitis C, oncology, cardiovascular, antidiabetic, anti-asthmatic, gastroenterology and ophthalmic therapeutic areas.



Product and Service Offerings

- ARV
- Hepatitis C
- Oncology
- Antidiabetic
- Large-volume APIs for cardiovascular, anti-asthmatic, and gastroenterology therapeutic areas
- Small-volume APIs for the ophthalmic therapeutic area

2018-19 Highlights

- Completed validation of all second-line ARV APIs and can now offer a complete basket of APIs
- Received DMF approvals from WHO for Dolutegravir and Lamivudine
- Lamivudine production capacity is now operational
- Completed FDA inspection of Unit 6
- Validation completed for key APIs in the diabetes segment

Filings

- Commercialised 50+ products
- Filed 54 DMFs

Revenue Contribution

84%

(Consolidated)

2

Generics FDFs

Comprises developing and manufacturing oral solid formulations; building on API strengths to forward-integrate and become a leading FDF player in the global pharmaceutical market



Product and Service Offerings

- ARVs
- Antidiabetic
- Cardiovascular
- Proton Pump Inhibitors (PPIs)
- Central Nervous System (CNS)

2018-19 highlights

- Began commercial supplies of FDFs to European markets
- Started shipping Metformin tablets to the US markets
- USFDA approval for Hydroxychloroquine ANDA
- USFDA tentative approval and South Africa SAHPRA for triple drug combination

of TLD (Tenofovir/Lamivudine/Dolutegravir)

- Commenced commercial supplies of TLD under Global Fund contract
- Filed two major products in antiretroviral segment – TLE₆₀₀ and TLE₄₀₀
- Transferred ANDA of Tenofovir to CASI Pharma and received \$2 million
- Formulations Unit 2 successfully completed regulatory inspections from various countries like USA, UK-MHRA, WHO-Geneva, Tanzania, Uganda, Kenya, Zimbabwe and Malawi
- Significant number of Paragraph IV (PIV) and first to file ANDA
- Entered into a strategic partnership with Global Fund for a three-and-a-half year period for ARV supplies

Filings

- Filed 18 ANDAs with the USFDA
- 3 dossiers in Canada, 5 dossiers in Europe, 6 dossiers with WHO, 2 dossiers in South Africa, 2 dossiers in India and 81 in ROW. In addition, completed 1 product validations
- 3 ANDAs approved

Revenue Contribution

2%

(Consolidated)

BUSINESS REVIEW

Our Value-creating Business

3

Synthesis

Comprises contract development and manufacturing services for global pharmaceutical companies



Product and Service Offerings

- Commercial scale contract manufacturing
- Clinical phase supplies
- Analytical and research services

2018-19 Highlights

- Completed several projects in various phases from pre-clinical to commercial, with development and manufacturing
- New orders from existing Contract Manufacturing Organisation (CMO) partners and business opportunities for manufacture from several global companies

Filings

Commenced commercial supplies from Unit 5

Revenue Contribution

11%

(Consolidated)

4 Ingredients



Comprises the manufacture and sale of specialty ingredients for use in nutraceutical, dietary supplements and cosmeceutical products; it leverages existing R&D, process chemistry competence and manufacturing capabilities.



Product and Service Offerings

- Nutraceuticals, dietary supplements and cosmeceutical products

2018-19 Highlights

- Set up a dedicated block in Unit 4 for global partner, C2 Pharma
- Started commercial supplies to C2 Pharma for Digoxin and other products
- Expanding portfolio of natural extraction-based excipients

Revenue Contribution

3%

(Consolidated)

OPERATIONAL HIGHLIGHTS

Performance Round the Year

Q1



April–June 2018

- Successfully completed Russian GMP Inspection for Unit 1 and 3
- Commenced commercial supplies from Unit 5 to Aspen
- Formulations Unit 2 successfully completed inspections from various countries like Tanzania, Uganda, Kenya, Zimbabwe and Malawi
- Received Global fund Expert Review Panel (ERP) approval for TLD (Tenofovir, Lamivudine and Dolutegravir), enabling Laurus to participate in WHO and in country tenders (ROW)

Q2



July–September 2018

- Completed capacity expansion for Lamivudine
- Initiated of commercial supplies to an innovator's New Drug Application (NDA) filing
- Tenofovir (TDF) ANDA rights transferred to CASI Pharma for a consideration of ~\$3 million, of which ~\$2 million has been received, based on milestone payments
- Successfully completed JAZMP (Slovenia Regulatory Authority) audit for European supplies and started commercial production for contract manufacturing

Q3



October–December 2018

- Completed USFDA inspection for Unit VI with 1 procedural observation
- TLE₆₀₀ filed in October 2018 with USFDA and WHO
- 1 formulation product validation completed

Q4



January–March 2019

- Received TLD approval from USFDA and expecting approval from WHO soon
- Tenofovir approved by WHO, USFDA and also in several EU countries
- Validation for 4 formulation products completed
- Filed TLE₄₀₀ in January 2019 with USFDA and WHO

FINANCIAL HIGHLIGHTS

Measuring Our Progress

Increased sales of formulations

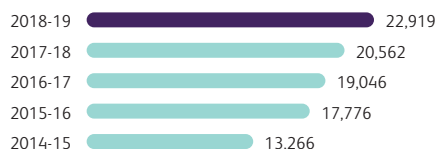
Launched new molecule in the API category

Sustained high growth in the synthesis business

Profit and Loss Metrics

Net Sales (₹ in million)

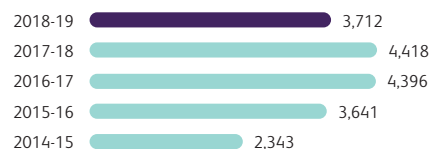
22,919



15% ↑

EBITDA (₹ in million)

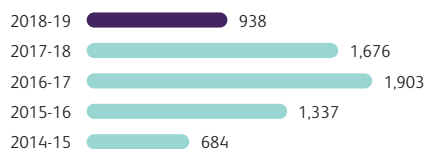
3,712



12% ↑

Net Profit (₹ in million)

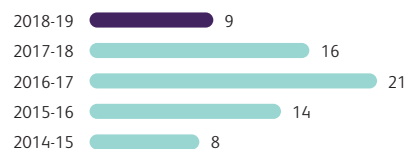
938



8% ↑

Diluted EPS (₹)

9

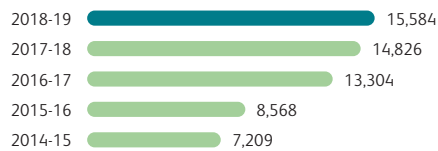


↑ (5-year CAGR)

Balance Sheet Metrics

Net Worth (₹ in million)

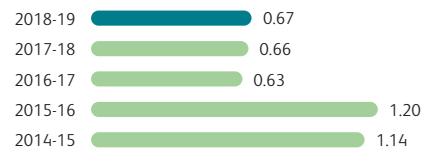
15,584



21% ↑

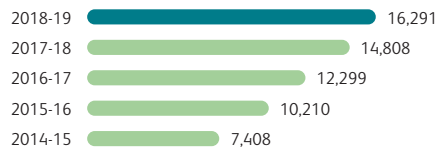
Debt/Equity Ratio (%)

0.67



Net Carrying Value (₹ in million)

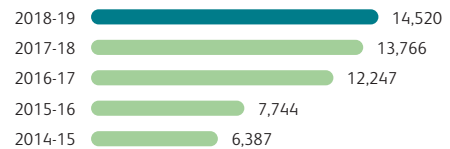
16,291



22% ↑

Reserves & Surplus (₹ in million)

14,520

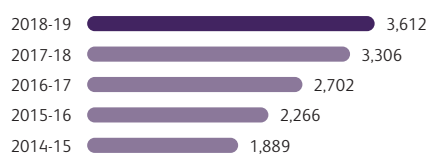


23% ↑

Social Metrics

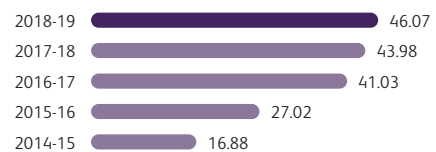
No. of Employees

3,612



CSR Spend (₹ in million)

46.07



CEO'S PERSPECTIVE

Building for the Future



"We entered into a strategic partnership agreement with Global Fund for three-and-a-half years. This long-term agreement will enable us to fulfill the volume commitments to Global Fund for the treatment of HIV/AIDS."

Dr. C. Satyanarayana
CEO

Dear Shareholders,

We believe better health outcomes are fundamental to building a better world for all. We are on an exciting journey to offer integrated pharmaceutical solutions to facilitate wellness and well-being across the world. Our overall performance and the determination of every member of Team Laurus makes me confident that we are on the right course to grow sustainably and create lasting value for all stakeholders.

When we talk about growth, it has to be powered by a sound strategy in motion. We are focusing on enhancing and enriching our current portfolio, stepping up our R&D investments for product development and strengthening our manufacturing capabilities. Our diversified and integrated capabilities enable us

to capture significant opportunities in margin-accretive segments and foray into emerging markets, while continuing to grow in our traditional regions.

Our consolidated revenues stood at ₹22,919 million in 2018-19, against ₹20,562 million in 2017-18. We have once again demonstrated excellence in our operational efficiencies. Each of our core business segments (Generics – API, FDF, Ingredients and Synthesis) registered good performance in 2018-19. However, margins were affected as major raw material procurement prices increased due to shortage of intermediaries, environmental issues and closure of manufacturing facilities in China. We have received all appropriate regulatory

Quality is of paramount importance to us and remains a 24x7 priority for us for all markets.

19

ANDAs filed for the formulations business

Our Company has been built around a quality culture that is reflected not just in the products we manufacture, but also in the mindset of our people.

approvals, have a noticeable frontend presence in the US, a strong product portfolio and a growing presence in global markets. Considering these encouraging developments, your Company appears attractively placed to report satisfactory growth, going forward.

The margins were affected due to the high raw material costs and incremental fixed operational expenses, pertaining to the new formulation facility. We expect formulation sales to increase with new approvals in regulated markets and enhanced traction in existing products and geographies. This will improve the margins for the Company as operating leverage will kick in.

Formulations: Growth opportunity

Formulations play for us involves both scale and technology. Backward integration was our core forte, the focus now is to take our APIs forward. During the year, we started commercial supplies of FDFs to European markets and started shipping Metformin tablets to the US markets as well. We entered into a strategic partnership agreement with Global Fund for three-and-a-half years. This long-term agreement will enable us to fulfill our volume commitments to Global Fund for the treatment of HIV/AIDS.

This partnership has enhanced our determination to contribute to the global mission for treating millions of HIV/AIDS patients. We are optimistic about the future and our backward integration for the key molecule is already in place and the formulations business is expected to gather momentum with fresh orders.

So far, we have filed 19 ANDAs, 4 dossiers in Canada, 6 in Europe and 6 with WHO. We also filed 2 dossiers in South Africa and 2 in India; and close to 100 dossiers in the rest of Africa for product approvals.

Other business segments to supplement growth

We completed the validation of all second-line ARV APIs and we can now offer a comprehensive basket of APIs. Until now, we have been offering first-line APIs. Now we have a new basket of APIs, which will encompass both the first and second line.

During the year, we also started commercial supplies from Unit 5 to Aspen and got new orders from existing CMO partners.

Right capabilities

With robust demand for our currently marketed products and a sizeable pipeline, we invested to ensure we have the capacity to continue delivering as we grow. This investment will enable us to quickly and efficiently execute our medium-term to long-term product launch programme and expand across our national and international markets.

Quality is non-negotiable

Our quality standards remain uniform for all our products, regardless of the markets in which they are launched. We differentiate markets, based on price, not on quality standards. Quality is paramount to us and remains a 24x7 priority for us for all markets. This quality approach enables us to navigate the regulatory environment effectively, at a time when many pharmaceutical companies have experienced significant regulatory and compliance issues.

Our Company has been built around a quality culture that is reflected not just in the products we manufacture, but also in the mindset of our people. Our quality mindset ensures we continue to deliver consistent standards with unwavering focus. We conducted multiple audits during the year under review, and I am pleased to report that the outcomes were encouraging, validating our competence in the segment.

People drive change

An institution cannot be built for the long term, unless people put their hearts to its progress. A capable workforce is created by integrating good health practices into the daily life of every member of our team. We seek to promote health in all aspects of our employees' lives, both at the workplace and outside of it. Our programmes perceive well-being and occupational health as interdependent and view prevention and risk management as holding equal status.

Looking ahead

We have put in place a firm foundation for value creation and with our strengthened portfolio, are well positioned in global markets. With a solid strategy and disciplined execution, the opportunities for us are immense. We are building on our strengths to further extend our product portfolio and target fast-growing segments. I am grateful to all our stakeholders for their guidance and support in our journey. It is an honour for me to lead this great company, which is built for the long term.

Regards,

Dr. C. Satyanarayana
CEO

VALUE CREATION MODEL

How We Create and Sustain Value

Our Inputs



Financial

Investment in R&D and manufacturing facilities enables us to expand our product portfolio, technical capabilities, geographic reach and manufacturing capacity.



People

We have a highly skilled, diverse and effective workforce. Through continuous training of our people and by hiring new talent, we secure our future development.



Values

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



Relationships

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



Capabilities

We have extensive manufacturing capabilities across global markets, focused on operational excellence and efficiency.



Our Activities

While we conduct diverse operations across different business segments and markets, they are aligned with our purpose – to make quality medicines accessible to the people who need them.



Generics APIs



Generics FDFs



Synthesis



Ingredients

Resources We Deploy

- High-quality manufacturing infrastructure
- Strong partnerships
- Broad R&D capabilities
- Experienced sales and marketing team
- Dedicated employees
- Decade-and-a-half rich experience with exposure to global markets

We operate in a competitive, highly regulated industry across multiple geographies. Our diversified and integrated business model makes our response to market dynamics agile and future focused. As a Company, we do not operate in isolation, our ability to deliver value depends on the participation and contribution of a wide range of different stakeholders. The value, thus created, benefits all – our customers, patients, employees, shareholders and wider communities.

Outcomes



Patient Benefits

High-quality, affordable medicines

Innovative in-licensed products

Products tailored to patient needs



Our Investors

Maintaining a strong balance sheet by ensuring focused R&D investment (238 patents filed and 81 patents granted) and a pipeline delivery to target long-term growth



Our People

Creating a dynamic and rewarding place to work with clear development opportunities



Our Partners

Scientific and operational excellence and a broad range of technologies and capabilities to support the development of medicines to treat complex diseases



Our Environment and Local Communities

Focused on managing carbon footprint; offering quality employment opportunities and better health outcomes



Output

Net Sales

₹22,919 million

EBITDA

₹3,712 million

Dividend Declared

₹1.50 per share

Products Manufactured

90+

GROWTH STRATEGY

Delivering on Our Strategy



Strategy	Opportunity	Risks/Challenges	Outlook
1. Capitalise on leadership position in APIs in select, high-growth therapeutic areas. Foray into regulated markets	<ul style="list-style-type: none"> - Significant increase in HIV patient population with revised WHO guidelines - New opportunities in second-line therapies - ARV drugs patent expiry in the US & European markets - Lamivudine and DTG DMFs got approval from WHO - Backward integration for few of the APIs completed 	<ul style="list-style-type: none"> - Raw material cost fluctuation - Delay in backward integration 	APIs business to deliver volume growth in key ARV segments
2. Expand API portfolio in key therapeutic areas such as oncology, cardio-vascular, anti-diabetic and ophthalmology	<ul style="list-style-type: none"> - Leadership in select oncology APIs. Launching few more products in regulated markets - Leverage process chemistry skills to expand API portfolio in other growing therapeutic areas - Strong opportunity in the Hepatitis C market in emerging markets - Contract manufacturing of generic APIs 	<ul style="list-style-type: none"> - Higher than expected price erosion in Hepatitis C or oncology products 	Other therapeutic areas including oncology to offer consistent opportunities to broaden scope
3. Leverage API cost advantage for forward integration into generic FDF	<ul style="list-style-type: none"> - Leverage API capabilities, backed up by backward integration - Own frontend in place for markets in the US and Europe - Contract manufacturing for European customers 	<ul style="list-style-type: none"> - Not realising expected sales - Delay in regulatory approvals - While TLD is expected to remain the preferred regimen for HIV treatment, there are many products currently under development. These could potentially change the landscape in the long-term. 	Commercial operations of FDF expected to result in higher growth
4. Develop the Synthesis business through various global innovators, including Aspen	<ul style="list-style-type: none"> - Focus on supply of key starting materials and intermediates for new chemical entities - Completed several projects in various stages from pre-clinical to commercial with development and manufacturing - Contract with Aspen for supply of hormonal intermediates 	<ul style="list-style-type: none"> - NA 	Show gains in line with the scale-up in engagement with Aspen
5. Strengthen the Ingredients business	<ul style="list-style-type: none"> - Leverage process chemistry skills to strengthen presence in nutraceutical and cosmeceutical sectors as they adopt quality standards at par with the pharma industry 	<ul style="list-style-type: none"> - Delay in commercialisation of few projects 	Expanding from synthetic process to natural extraction

OPERATING ENVIRONMENT

Broad Trajectories that Influence Our Business

Comprehensive trends continue to reshape the global pharmaceutical industry, which have a bearing on the way we operate, the opportunities we leverage and the challenges we need to counter. We have identified the following universal, health-specific and societal trends that impact our operating context.

Universal



Growing, ageing population: Longer lifespans and evolving lifestyles are resulting in growing challenges related to chronic diseases.

Wealth disparity: Despite a declining global poverty rate, income inequality is a major cause for concern across the world.

Climate change: Among global environmental issues are climate change and pollution, and their impact on health.

2 billion

World population aged 60 years in 2050

Source: WHO



Digitisation and technological breakthroughs: New technologies and scientific innovations are opening new possibilities in integrated healthcare. The field of genomics is beginning to achieve its promise, immuno-oncology is transforming cancer treatments, big data is generating new insights into diseases and 'digital' is transforming care delivery. Digital technology is also enabling new ways to involve with patients and associated healthcare solutions for the prevention, diagnosis and monitoring of diseases.

New technologies and scientific innovations are opening new possibilities in integrated healthcare.

Health-related



High unmet medical requirements: Developing new treatments and improving access to healthcare is critical. This is important to counter epidemics of infectious diseases that continue to cause death and harmfully affect the lives of people around the world.

Empowered patients: Consumers are demanding better care, driven by access to new information sources; this includes a growing middle-class in emerging markets.

Growing pressure on healthcare companies: Increasing healthcare demand, partially led by demographic change, continues to put pressure on the government and payer budgets. This impacts developing and developed markets, including Europe and the US, where both public and privately funded organisations are seeking new ways to deliver affordable medicines.

Increasing healthcare demand, partially led by demographic change, continues to put pressure on the government and payer budgets.

Social



Improved transparency: Stakeholders are demanding more transparency, leading to new regulatory requirements.

Risk-based audit methodology: Over the few years, the USFDA has been following a more stringent regulatory regime, built on a rigorous risk-based audit methodology for approval of manufacturing sites. This has led to an industry-wide increase in the USFDA issuing Form 483s, which comprises inspectional observations, with subsequent warning letters and, on occasions, with import alerts.

The pharmaceutical industry is highly regulated with increasingly stringent product quality, safety and efficacy requirements.

BUILT FOR THE LONG-TERM

Formulations Play Builds Long-term Value

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

To take advantage of the cost-effective API-manufacturing capabilities, we entered the formulations business in 2015 and invested close to ₹5 billion in building a 5 billion tablets/year capacity. Over the last few years, we incurred a total capex of ₹4.2 billion towards commissioning of the new FDF facility at Vishakhapatnam. The formulations Unit 2 successfully completed inspections from various countries like Tanzania, Uganda, Kenya, Zimbabwe and Malawi.

Established contracts to provide growth visibility

We entered into a three-and-a-half year strategic partnership with Global Fund, which should ensure long-term volume commitment for the treatment of HIV/AIDS. This is a maiden order for Tenofovir/Lamivudine/Dolutegravir 300/300/50mg after we received a tentative approval from USFDA in February 2019.

Apart from this, we have also transferred TDF ANDA rights to CASI Pharma (only for China) and will retain rights to sell the drug in other countries. Currently, we have commenced sales of TDF in Africa, Canada and Europe. The Company has also filed for TLE₆₀₀ and TLE₄₀₀ combinations in October 2018/January 2019, respectively, in addition to the 50 product registrations filed in various African and Asian countries.

Dolutegravir-based (DTG) combinations are now the preferred first-line therapy for HIV as recommended by the WHO. This will also allow us to participate in country-specific tenders.



- Formulations business generated first ₹500 million revenue and launched Tenofovir, Metformin, in the US, Tenofovir in Canada, DLT (a three-product combination product) in Lower Middle-Income Countries (LMIC) countries under partnership with Global Fund for treatment of HIV/AIDS
- Commenced supply to Europe under contract manufacturing for treatment of HIV/AIDS
- Significant number of Para IV filings

~8-10 ANDAs
Target filings every year from the formulations facility

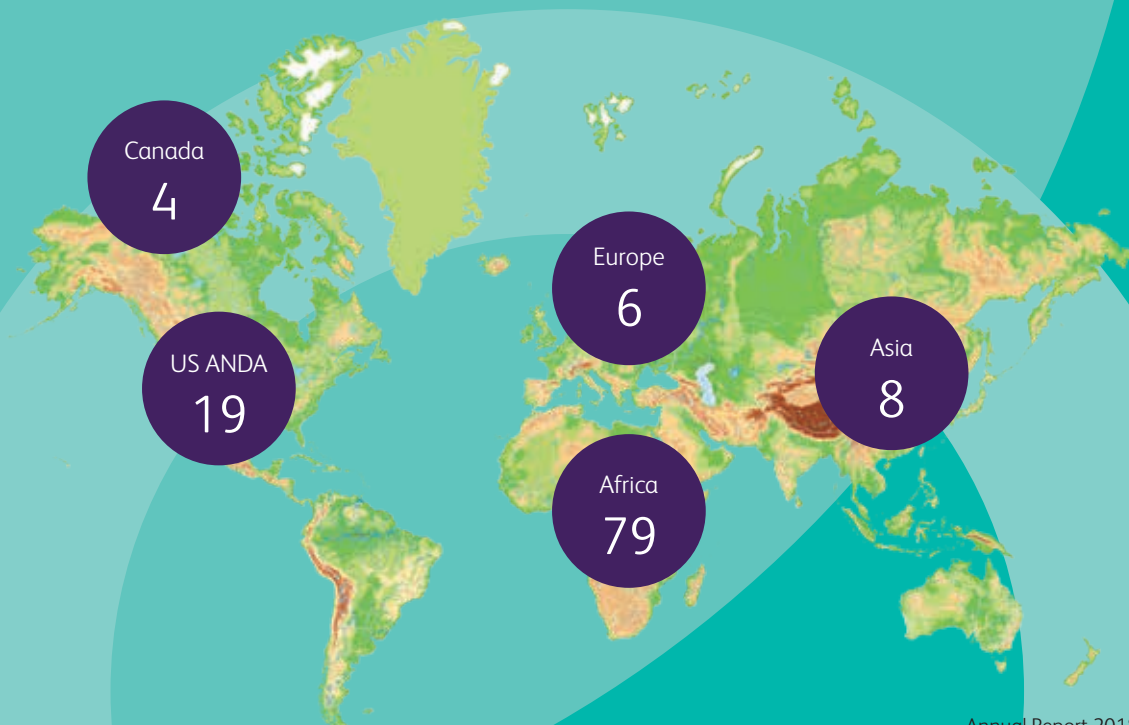
US to further boost the formulations business

Till date, we have filed 19 ANDAs, of which we have received final approval for four ANDAs and tentative approvals for two. Of the 18 filings done, two are Para IV filings and seven are first-to-file, which together have an opportunity size of \$10 billion annually in the US. We are further targeting ~8-10 ANDA filings every year from the formulations facility. For the US market, we have also re-negotiated partnership arrangements with DRL and Rising Pharma by reducing products under partnership from 18 to 7. The balance 11 products will be developed solely by us on payment of the development fee to partners.

Dossier filings

Therapy	US ANDA	Europe	Canada	Africa	Asia
ARV	10	4	2	74	6
Anti-diabetic	3	1	1	3	2
CVS	1	-	-	-	-
CNS	1	1	-	2	-
Autoimmune	1	-	1	-	-
Pulmonary (IPF)	2	-	-	-	-
Total	19*	6	4	79	8

* Have 2 Para IV opportunities and ~7 FTF opportunities in the US market, with addressable current market size of \$10 billion



BUILT FOR THE LONG-TERM

Synthesis Business to Drive Growth

Laurus Synthesis continues to be a leading Contract Development and Manufacturing Organisation (CDMO) with a proven track record in supporting drug development and manufacturing programmes of global pharmaceutical and biotech companies.



The state-of-the-art facilities in the US (Woburn, MA) and India (Hyderabad and Visakhapatnam) and experienced scientific teams have been helping our customers for over 10 years in meeting challenges in drug development programmes, from early phase development to commercial manufacturing.

The Synthesis business continues to grow strongly on the back of increased traction in existing contracts and addition of new customers. We have a dedicated facility for Aspen (Unit 5) and commenced commercial supplies for hormonal intermediates from this unit in 2018-19. We also completed several projects in various phases, from pre-clinical to commercial, with development and manufacturing.

We have rich experience in handling development candidates for clients at all stages of the drug lifecycle, from route identification to custom synthesis and early clinical to commercialisation. The development and manufacturing teams maintain a razor-sharp focus on performance at scale, continuous process improvement and securing and de-risking supply chains to provide a well-organised, compliant, cost-effective and long-term commercial drug substance solution.

Key Differentiators

Complex chemistry – Technical, handling and sourcing

Manufacturing capacities of >4,000 KL – To support supplies from early clinical phase to commercial

Experience in regulatory submission – To support Investigational New Drug (IND), NDA and DMF filings

High-potency APIs / Intermediates / Synthesis – Cytotoxic and hormonal; category III and IV

Emphasis on process safety – Dedicated lab and team for hazard evaluation

Backward integration of key starting material – Reduce uncertainty in supply chain and overall cost of goods



BUILT FOR THE LONG-TERM

Strong Chemistry Skills

We are focused on undertaking dedicated R&D initiatives to leverage emerging business opportunities. Our systematic approach to the selection of molecules involves evaluation of technical, and commercial feasibility data, and customer feedback helps us to improve our research acumen and focus on margin-accretive businesses.

Our R&D expertise

Our R&D performance focuses on the consistency and cohesiveness among our R&D centres, where rapid exchange of knowledge takes place to keep stride with competition and to develop disruptive technologies for future. The R&D team focuses on process intensification, absorption of technologies and establishing technologies at a commercial scale.

We have dedicated and experienced R&D teams, with the ability to execute our large and growing product pipeline. Around 7% of the Company's revenue is invested in our R&D initiatives. As on March 31, 2019, we owned 81 patents and had applied for 238 patents, in several countries.

800+

Research scientists out of the total workforce of over 3,500

Our commitment to quality

Quality remains at the core of our DNA. Our culture, people, processes and facilities reflect this commitment and enable us to ensure the safety of our products. We embed high-quality standards in our business and ensure that our strategic priorities are delivered, while maintaining a transparent and ethical culture.

Our high-quality standards and compliance levels are evident from the encouraging outcomes of audits and inspections conducted by various external and internal agencies. Our quality control processes are among the most rigorous in the industry. A 360-degree approach to performance helps us make the necessary trade-offs required to ensure sustained excellence.

We are:

- Compliant with stringent regulations
- Ready with quality systems and processes to cater to the emerging and regulated market
- Investing in the right infrastructure and capabilities to get our regulatory processes right
- Following standard operating procedures to ensure manufacturing processes and equipment are tested and authorised



BOARD OF DIRECTORS



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

M



Dr. Satyanarayana Chava
Executive Director and Chief Executive Officer (CEO)

C



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

C M M



Mr. Chandrakanth Cherreddi
Executive Director

M M



Dr. Lakshmana Rao C V
Executive Director



Mr. Narendra Ostawal
Director

C M M M M



Mrs. Aruna Rajendra Bhinge
Independent Director

M M



Dr. Rajesh Koshy Chandy
Independent Director

M M



Mr. Ramesh Subrahmanian
Independent Director

C C



Dr. Ravindranath Kancherla
Independent Director

M

- Audit Committee
 - Nomination and Remuneration Committee
 - Stakeholder's Relationship Committee
 - CSR Committee
 - Risk Management Committee
- C** - Chairperson of the Committee
M - Member of the Committee

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

Dr. M. Venu Gopala Rao is a B.Sc. (Hons) in Chemical Engineering from the Andhra University, with Post-graduation in Pulp and Paper Technology from the Forest Research Institute, Dehradun. He received advanced training in Pulp and Paper

Technology in the US and, subsequently, one year of intensive training in Rayon Grade Pulping at M/s. Snia Viscosa S.P.A. Italy, the pioneers in man-made fibre industry. Dr. Rao was the past Chairman of Indian Paper Makers Association and is a Director on the Boards of various companies of Nava Bharat Group.

Dr. Satyanarayana Chava
Executive Director and Chief Executive Officer (CEO)

Dr. Chava is the Founder and Chief Executive Officer of Laurus Labs. He is also the Executive Director of the Company. He holds a bachelor's and master's degree in Science from Andhra University

and completed his PhD in 1992. He has received an honorary degree of Doctor of Science from the Gandhi Institute of Technology and Management. He also, became a member of The United States Pharmacopeial Convention (USP) board of trustees. He also holds a post-graduate diploma in quality management from the Worldwide Quality Certification and has completed the post-graduate programme in management for senior executives from the Indian School of Business.

With over three decades of experience in the pharmaceutical industry, he has been steering the Company towards growth, both in domestic and global markets. He has valuable experience in various domains of the industry such as R&D, and API process development. His stints with top pharmaceutical companies let him gather experience in other aspects of the business such as manufacturing and business development. He has more than 100 patents registered to his name, which helped him garner knowledge regarding intellectual property in the pharma sector.

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

Mr. Vantaram is an Executive Director at Laurus Labs since 2006. He holds bachelor's and master's degrees in Commerce from Andhra University and is a fellow member of the Institute of Cost Accountants of India (formerly ICWAI). With nearly three decades of experience in finance, information technology, HR and supply chain, he contributes significantly in formulating and executing core strategies for the Company. His knowledge in dealing with mergers and acquisitions and joint venture management in the global context has helped Laurus Labs emerge as a global pharmaceutical player.

Mr. Chandrakanth Chereddi
Executive Director

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

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

Dr. Lakshmana Rao C V
Executive Director

Dr. Rao is an Executive Director of and one of the promoters of the Company. He has been associated with the Company for more than a decade and heads the quality function. He holds a master's degree in Science and a PhD. from Andhra University. Dr. Rao has over 25 years of experience in quality control, quality assurance and regulatory affairs. He has been involved in formulating and executing the core strategies of the Company. Prior to joining Laurus Labs in February 2007, he was associated with Mayne Health Pty Ltd., Australia.

Mr. Narendra Ostawal
Director

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

Mrs. Aruna Rajendra Bhinge
Independent Director

Mrs. Bhinge is a Non-executive, Independent Director of the Company. She holds bachelor's and master's degrees in Science from University of Poona and University of Mumbai, respectively. She also holds a master's degree in Management Studies from University of Mumbai. She has over 16 years of experience in food security and strategic planning. She was the head of food security agenda, APAC, at Syngenta India Limited.

Dr. Rajesh Koshy Chandy
Independent Director

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

Mr. Ramesh Subrahmanian
Independent Director

Mr. Subrahmanian is a Non-executive, Independent Director of the Company. He holds a bachelor's degree in Commerce from the University of Mumbai. He is also a certified CA from the Institute of Chartered Accountants in England & Wales. He has over 26 years of experience in pharmaceuticals, medical devices and speciality chemicals, including 19 years of experience with Sanofi and its predecessor companies (Aventis, HMR and Hoechst AG). He is also the founder and director of Alchemy Advisors, an advisory firm based in Singapore.

Dr. Ravindranath Kancherla
Independent Director

Dr. Kancherla is a Non-executive Independent Director of the Company. He is a world-renowned expert in surgical gastroenterology and laparoscopic surgery and is heading Global Hospitals Group. He developed India's most comprehensive hospital dedicated to gastroenterology and a centre to efficiently conduct the complicated procedure of organ transplantation. With extensive experience in surgeries, Dr. Kancherla has become an authority in liver, pancreatic and bile duct resections, revision gastric surgeries and reconstructive coloproctology. He has trained over 700 surgeons in laparoscopic procedures.

MANAGEMENT TEAM



Dr. Anjaneyulu G S R
Executive Vice President



Dr. V Uma Maheswer Rao
Executive Vice President –
Chemical R&D



Mr. Srinivasa Rao S
Executive Vice President –
Manufacturing



Mr. Martyn Oliver James Peck
Senior Vice President –
Business Development



Dr. Prafulla Kumar Nandi
Senior Vice President –
Global Regulatory Affairs



Mr. Krishna Chaitanya Chava
Senior Vice President – Head
Synthesis and Ingredients



Mr. Thomas Versosky
President - FDF,
North America

Dr. Anjaneyulu G S R
Executive Vice President

Dr. Anjaneyulu has over 26 years of experience in the pharmaceutical industry, with over 120 patents and 20 scientific journals to his name. A member of the American Chemical Society, he has served as the Associate Vice President at Matrix Laboratories. He led the R&D team that handled the API research there. He has a rich experience of intellectual property management, process development, scale-up and technology transfer of drug substances of many therapeutic categories, fine chemicals and intermediates.

Dr. V Uma Maheswer Rao
Executive Vice President – Chemical R&D

Dr. Rao has been associated with the Company since June 9, 2016. He holds a master's degree in Science and a PhD from Osmania University. He has several years of experience in the fields of process R&D and API manufacturing process. Prior to joining Laurus Labs, he was the executive director of Sriam Labs.

Mr. Srinivasa Rao S
Executive Vice President – Manufacturing

Mr. Rao spearheads the Company's manufacturing facility at Vizag. He is a postgraduate in Chemistry. He has over 25 years of experience working with various pharma companies in production planning, coordination and execution of the manufacturing processes.

Mr. Martyn Oliver James Peck
Senior Vice President – Business Development

Mr. Peck handles business development of the generics API. He has over 21 years of experience in the industry and has performed various functions such as sourcing, purchasing, sales and market intelligence. He has served as the Global Head of API sourcing for Mayne Pharma. He has a BSc degree in Biological and Medicinal Chemistry.

Dr. Prafulla Kumar Nandi
Senior Vice President – Global Regulatory Affairs

Dr. Nandi brings along 23 years of rich experience in global regulatory affairs and pharmaceutical research. He is actively involved in managing regulatory submissions and negotiating with regulators to obtain timely product approvals. He has extensive knowledge in global drug development for highly regulated markets like the US and Europe. He has strong background in providing responses to regulatory agencies regarding product information or issues. Before joining Laurus Labs, he was associated with Apotex India, Jubilant Generics and Sun Pharma Advanced Research Centre, among others.

Mr. Krishna Chaitanya Chava
Senior Vice President – Head Synthesis and Ingredients

Mr. Chava spearheads the Synthesis and Ingredients divisions of the Company and has rich work experience in strategy, skill workshops and marketing within the Indian pharma market. Mr. Chava has completed PGP MFAB from Indian School of Business, Hyderabad, and has a master's degree in Mechanical Engineering from North Carolina State University, US and a bachelor's Degree in Mechanical Engineering from BITS Pilani Dubai. Before joining team Laurus, he was associated with M/s. Dr Reddys Laboratories Ltd.

Mr. Thomas Versosky
President - FDF, North America

Mr. Versosky leads the commercial team bringing FDF products to the market in North America. He brings nearly 15 years of experience in leadership roles across the US generic pharmaceutical industry, with diverse experience, in commercial operations including portfolio management and business development licensing and acquisitions. He has launched over 100 products in the US, from generics to 505(b)2 and NDA products.

GOVERNANCE FRAMEWORK AND RISK MANAGEMENT

A Sound Governance Framework

Laurus Labs pursues its ambitious strategic roadmap based on strong and transparent governance. This encompasses engaged and open discussions with stakeholders and a compensation policy that aligns pay and performance.

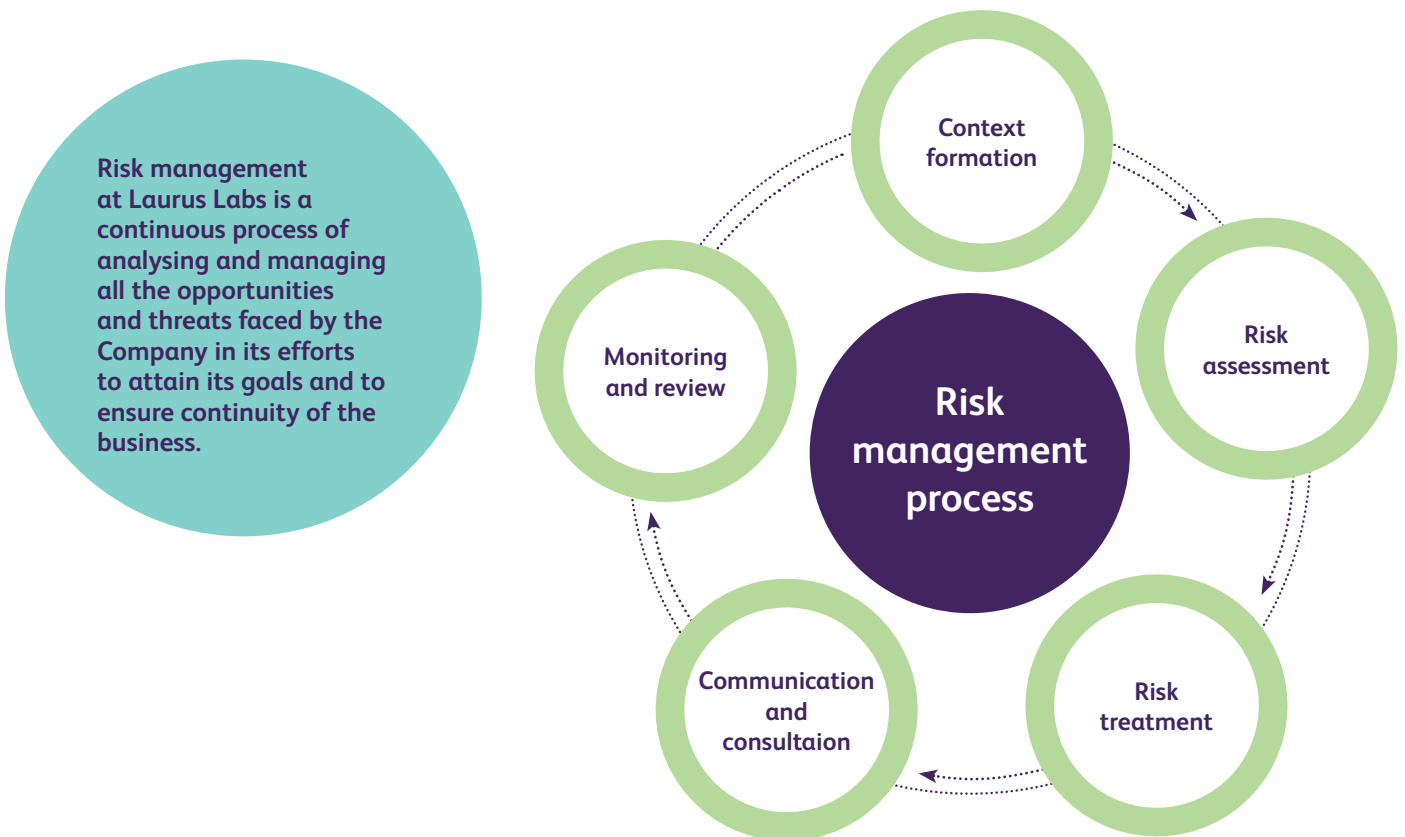
An integrated risk management

Laurus Labs continuously fosters risk management to identify and address potential threats and opportunities that may impact our commitment to: protect employees, patients and local communities; provide innovative products to patients and healthcare professionals and satisfy unmet medical needs; and create value while delivering trust and transparency for all stakeholders.

Risk management process

The objective of our risk management activities is to recognise, assess and manage risks early on and to implement appropriate measures to minimise them. Risk management at Laurus Labs is a continuous process of analysing and managing all the opportunities and threats faced by the Company in its efforts to attain its goals and to ensure continuity of the business. It is an integral part of the Company's day-to-day management,

embedded in culture and practices, and tailored to fit the business functions and processes of the organisation. The process is a continuous loop comprising context formation, risk assessment, risk treatment, communication and consultation, and finally, monitoring and review. We have established processes and guidelines, along with a strong overview and monitoring system, at the Board and senior management levels.



Risk Management

Nature of Risk	Definition and Impact	Mitigating Factors
Industry Risk	Downturn in the industry could adversely impact the Company's performance	<ul style="list-style-type: none"> - Laurus Labs is present across major pharmaceutical markets in the world - The Company periodically evaluates various developments in these markets to identify the risk, if any, arising from them
Competition Risk	Competition in domestic as well as international markets could affect market presence	<ul style="list-style-type: none"> - Building economies of scale in manufacturing, distribution and procurement to maintain cost advantage - Strengthening long-term relationships with key customers by offering better quality and service know-how - Introducing cost-improvement initiatives and manufacturing efficiency expansion at plants - Undertaking R&D initiatives, focusing on optimising raw material consumption and increasing manufacturing capability
Regulatory Risk	Pharmaceutical business is highly regulated and is under continuous surveillance by various regulatory authorities. Inability to receive necessary approvals for manufacturing could affect business operations	<ul style="list-style-type: none"> - Stringent review systems to ensure compliance with the statutory guidelines and norms of the pharmaceuticals industry
Innovation Risk	Lack of niche products and processes may negatively affect growth rate	<ul style="list-style-type: none"> - Strong R&D capabilities - Proven track record in filing, approval and commercialisation of niche products and processes - Robust pipeline of products and processes under development - Strong chemistry know-how, efficient process optimisation and niche product portfolio have resulted in strong global presence and market leadership
Operating Risk	Inability to manage vendor-customer relationships could impact revenues	<ul style="list-style-type: none"> - Laurus Labs has successfully retained vendor-customer relationships, leading to organisational stability and predictability despite a stringent business environment - Enjoy enduring relationships with global and Indian pharma majors, ensuring revenue visibility - Efficient review mechanism to enhance operational efficiency
Capacity Planning and Optimisation Risk	Inadequate capacity could threaten the capability to meet customer demands, affecting margins	<ul style="list-style-type: none"> - The business team frequently monitors product trends to ensure adequate capacity and meet the demand - Robust processes are in place to continuously examine plant capacities - We drive improvements associated with manufacturing practices such as preventive maintenance schedules and alterations to plant designs in case of frequent breakdowns - Project management processes are aligned to business goals
Financial Risk	Our expenses and investments are primarily in Indian currency. However, revenues are spread across various international currencies. Therefore, our net expenses and any future investment or other income may be vulnerable to fluctuations in exchange rates	<ul style="list-style-type: none"> - Established robust currency hedging strategy to safeguard ourselves - Constantly evaluating derivatives to address this concern

PEOPLE PRACTICES

We Make Progress Possible

This is the collective credo that drives the go-getters at Laurus. We support our people to embrace opportunities and nurture a culture of diversity and inclusion. At Laurus Labs, we recognise our employees as our most valued partner and we make every effort to attract, engage, nurture, and retain our talent pool.





Various forums such as townhall meetings and intranet knowledge sharing platform are made available to employees to express their views, exchange ideas and give feedback.

We endeavour to create an environment where people are respected for their individual capacities and treated as equals, irrespective of their levels. Employees are free to express and exchange their opinions, which is the best way to promote teamwork. Various forums such as townhall meetings and intranet knowledge sharing platform are made available to employees to express their views, exchange ideas and give feedback. This builds team spirit, fosters mutual respect and encourages them to contribute in a holistic manner to attain common goals.

The team consists of employees with diverse cultures, perspectives, skills and expertise. Irrespective of this diversity,

we collectively conduct ourselves such that we represent Laurus Lab's culture of openness, teamwork, pursuit of excellence and customer satisfaction.

Nurturing Talent

Mechanisms are in place to identify leaders who can rise to the emerging opportunities and challenges through a combination of self and sponsored learning. Senior management team constantly works towards identifying performers with high growth potential. The Company has adopted a competency-based tiered approach to leadership pipeline and succession planning, with tier one having people who are ready to lead the business now, tier two in the next 3-5 years, and tier three in another 5-7 years.

Training and Development

We believe that training and development is a continuous process for developing and nurturing the talent in the organisation. It is our aim to provide training to people to meet the requirements of operational, regulatory, job role, managerial and leadership challenges and to augment their existing capabilities to meet their future requirements.

Laurus Labs is also making an effort to use the latest concepts in learning, such as artificial intelligence and virtual learning to upgrade its learning infrastructure. These initiatives improve the efficiency of trainings and strengthen productivity with speed.

Workforce Data

3,612

Total employees

(Consolidated)

32 years

Average age of employees

ENVIRONMENT, HEALTH AND SAFETY

A Greener Pledge to Sustainability

We strive to reduce our environmental impact by conducting our business efficiently and in accordance with environmental laws, regulations and industry standards. Our objective is to utilise resources (water and energy) in an efficient manner, reduce waste and minimise emissions as a part of our sustainability commitment. We expect our supply partners to apply comparable environmental standards and measures.

Zero

Reportable injuries and zero fatalities



Laurus Labs is committed to:

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

Safety

Safety is a non-negotiable prerequisite of doing business at Laurus Labs. It is a continually ongoing process and of topmost priority to ensure a safe working environment for everyone involved. With 37,437 man-hours (in 2018-19) of training, including classroom, skill-based and external training related to EHS, a lot of effort is being made to embed a culture of safety-first in our personnel.

The numbers of safety indicators speak volumes of our commitment to a safe workplace with ZERO incidence of Reportable injuries [Lost Time Injury (LTI), Medical Treatment Injury (MTI) and Restricted Work Injury (RWI)], ZERO lost days and perhaps most importantly, ZERO fatalities for both full-time as well as contractual workforce in 2018-19.

Our occupational health & safety and emergency facilities at site include:

- Process safety management programme (process safety testing, risk assessment, Safety Data Sheet (SDS), among others)
- Industrial hygiene programme (exposure risk) and respiratory & non-respiratory Personal Protective Equipment (PPE) programmes

- Occupational health centre with ambulance facility and availability of round-the-clock medical officers and attendants
- Multi-purpose round-the-clock fire tender with fire crew
- Centralised fire hydrant system with quick reactive mechanism and fire detection and alarm system for the entire site
- Well-trained Emergency Response Team (first-aid and firefighting) in all the shifts

One Quality Standard for All Markets

Laurus Labs One Quality System ensures the quality of all our products throughout their life cycle, from discovery to development, manufacturing and distribution, as well as the medical, clinical and commercial activities for established and innovative products. We are fully committed to improving healthcare by providing high-quality, safe and effective products and ensuring compliance. Our quality culture is embedded in everything we do.



CORPORATE SOCIAL RESPONSIBILITY

Empowering Communities

Key Activities Undertaken during the Year

- Donated an amount of nearly ₹33 lakhs to LV Prasad Eye Institute, promoting preventive healthcare
- Donated a mobile van to Akshaya Patra for transporting food, thereby helping eradicate hunger, poverty and malnutrition
- Contributed stipend for Gitam University Students and Krishna University Students as per the agreement executed with them during the internship
- Sponsored a mobile science van to promote education in all the schools in Parawada, Visakhapatnam
- Contributed salary for an additional school teacher in government primary schools in Hyderabad and Visakhapatnam
- Contributed for sports activities at Zilla Parishad High School (ZPHS), Lankelapalem
- Contributed for the fire station at Anakapalli



We support selected programmes and activities that result in improvements for stakeholders and the communities in which we operate. As a science-driven pharmaceutical company, our contribution to the communities and the society as a whole also includes the promotion of science-based knowledge. We seek to empower people by sharing our medical expertise and promoting science and health literacy.

As a global pharmaceutical company, we recognise and actively manage our economic, social and environmental responsibilities. In 2018-19, we continued our efforts to have a positive impact worldwide and contribute to a more sustainable future.

ACHIEVEMENTS

Awards & Recognitions

Best Work Places

Laurus Labs is recognised as one of the Best Work Places in Biotechnology, Pharmaceuticals & Health Care sectors for the year 2018.

**Pharmaexcil Outstanding Exports Award**

Laurus Labs bags the prestigious Pharmaexcil Outstanding Exports Award 2017-18 in Pharmaceutical sector. Mr. V V Ravi Kumar, ED & CFO, Laurus Labs received the award on September 14, 2018 in a grand ceremony held in Hyderabad.

**Express Pharma Excellence Award 2019**

Laurus Labs received the Indian Express Pharma Excellence Award 2019.

**Global Generics and Biosimilars API Supplier of the Year Award**

Laurus Labs won the Global Generics and Biosimilars API Supplier of the Year award. The award was presented by Generics Bulletin – in association with IQVIA – at the Palacio Municipal de Congressos, Madrid on October 9, 2018.

**Greentech Environment Award**

Laurus Labs bagged the prestigious 18th Annual 'Greentech Environment Award 2018' in the pharmaceutical sector. Greentech Environment Awards are annual awards issued by Greentech Foundation, New Delhi for outstanding performance in Environmental Management.

**IconSWM Excellence Award 2018**

Laurus Labs received the 'IconSWM Excellence Award 2018' for the excellence shown in Resource-efficient Industry. IconSWM stands for International Conference on Sustainable Waste Management. 8th IconSWM conference organised with the collaboration of the Andhra Pradesh government.

**Good Green Governance Award**

Laurus Labs (Unit 3) bagged the prestigious Srishti g3 Award for good green governance in the manufacturing process – non metallurgical category. Srishti Green Cube Award are given to the companies which take an extra step beyond required compliance in implementing the Good Green Governance.



Management Discussion and Analysis



The improving macroeconomic fundamentals have been further boosted by the execution of reform measures, which has helped foster an environment conducive for investments and for the banking sector.

Economic Overview

Global Economy

After the robust and integrated growth of 2017, growth in global economy moderated and softened to 3.6% in 2018. The lagged impact of shrinking financial conditions in the world (particularly in China) and the rising global trade tensions affected business sentiment and investment. China's growth weakened following a combination of regulatory tightening and an increase in trade tensions with the US. The US economy benefitted from the implementation of tax reforms and expanded by 2.9% in 2018 compared to 2.2% in 2017. However, growth weakened towards the end of the year due to diminished consumer spending and decreased business investment. The eurozone economy lost impetus as consumer and business confidence faded, investment fell in Italy as sovereign spreads expanded and external demand, especially from the emerging markets in Asia, eased.

Global Growth (%)

Particulars	Actual	Projections	
	2018	2019	2020
World Output	3.6	3.3	3.6
Advanced Economies	2.2	1.8	1.7
US	2.9	2.3	1.9
Eurozone	1.8	1.3	1.5
Japan	0.8	1.0	0.5
UK	1.4	1.2	1.4
Other Advanced Economies*	2.6	2.2	2.5
Emerging Markets and Developing Economies	4.5	4.4	4.8
China	6.6	6.3	6.1
India	7.1	7.3	7.5

* Excludes the G7 (Canada, France, Germany, Italy, Japan, the UK and the US) and eurozone countries

Source: International Monetary Fund (IMF)

Outlook

Global growth is projected to decline further to 3.3% in 2019; however, it is expected to pick up in the second half of 2019. This improvement will be reinforced by major economies' compliance to significant monetary policies, which will be possible by the absence of inflationary pressures despite growing at near potential. In the US, economic growth will be controlled by subsiding fiscal stimulus and higher interest rates. The eurozone will see an imbalance due to solid domestic demand and reduced export growth. China, in the meantime, will experience the twin pressures of US tariffs and economic rebalancing.

Indian Economy

Overall growth for 2018-19 slumped to a five-year low of 6.8% compared with 7% projected in the second advance estimates released in February 2019. This could be attributed to the sustained rise in consumption and a gradual revival in investments, especially with a greater focus on infrastructure development. The improving macroeconomic fundamentals have been further boosted by the execution of reform measures, which has helped foster an environment conducive for investments and for the banking sector. Despite softer growth, the Indian economy remains one of the fastest growing economies and, possibly, one least affected by global turmoil. The growth of eight core industries (coal, crude oil, natural gas, refinery products, fertilisers, steel, cement and electricity) remained sluggish in February at 2.1% due to a fall in the output of crude oil and refinery products.

Annual GDP Growth Rate (%)

6.8



Source: Central Statistics Office (CSO)

MANAGEMENT DISCUSSION AND ANALYSIS

Outlook

Fostering private investment and careful management of public finances could help the economy go a long way. With key economic policies on track, the government is likely to focus on faster policy implementation in the year ahead, concentrating on infrastructure development. In the near term, sustained fiscal consolidation will be the need of the hour to bring down India's elevated public debt. This should be reinforced by ensuring compliance with the Goods and Services Tax (GST) and further reducing subsidies. Here are some trends that the economy is likely to witness in the future:

- Momentum of capex in roads, railways, etc. is likely to sustain
- Signs of private capex recovery are visible due to increasing capacity utilisation
- GST has largely stabilised and should increase the formalisation of the economy
- Earnings are likely to improve due to Non-performing Assets (NPAs), peaking provision costs and fast-tracked capex and credit growth

Outlook to 2023

- More new products are expected to be launched from an annual average of 46 in the past five years to an average of 54 through 2023.
- The annual average spending in developed markets on new brands is likely to rise to \$45.8 billion, showcasing a growth of 6.7% in the next five years.
- Specialty medicines spending will reach \$475-505 billion in developed markets. Specialty medicines are those that treat chronic, complex or rare diseases and are costly, either directly or through their distribution, care-delivery or follow-up treatments required.
- Life sciences companies will sustain to develop and invest in artificial intelligence, machine learning and deep learning plans, leading to the discovery and development of new medicines.

Growth Drivers

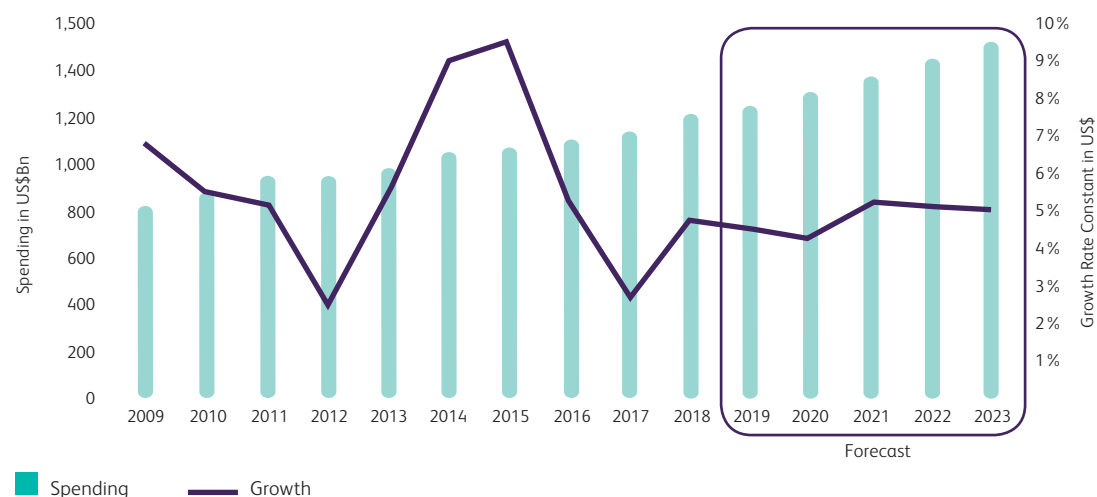
- The growth in the global pharma industry is fuelled by the growing and ageing population in key markets. As per World Population Prospects by the United Nations, the worldwide population is likely to cross 9.3 billion by 2050 and around 21% of this population is expected to be aged 60 and above.
- The advances in purchasing power and access to quality healthcare and pharmaceuticals to poor and middle-class families worldwide is also propelling the global pharma industry.
- Another aspect leading to this growth is the rising focus of pharmaceutical companies on tapping the rare and specialty diseases market.
- Innovations in advanced biologics, nucleic acid therapeutics and cell therapies have attracted investments in the global pharmaceuticals industry, even by non-pharma companies, driving its growth.

Industry Review

Global Pharma Industry

According to the IQVIA Institute for Human Data Science, global spending on medicines reached \$1.2 trillion in 2018. It is expected to reach \$1.3 trillion by 2019, with 4-5% growth globally, and is set to exceed \$1.5 trillion by 2023. The key drivers of growth will continue to be the US and pharmerging markets with 4-7% and 5-8% CAGR, respectively. Similarly, developed markets and their implementation of newly launched innovative products will reflect in the growth of the global pharma industry.

Exhibit 1: Global Medicine Spending and Growth, 2009-2023 (%)



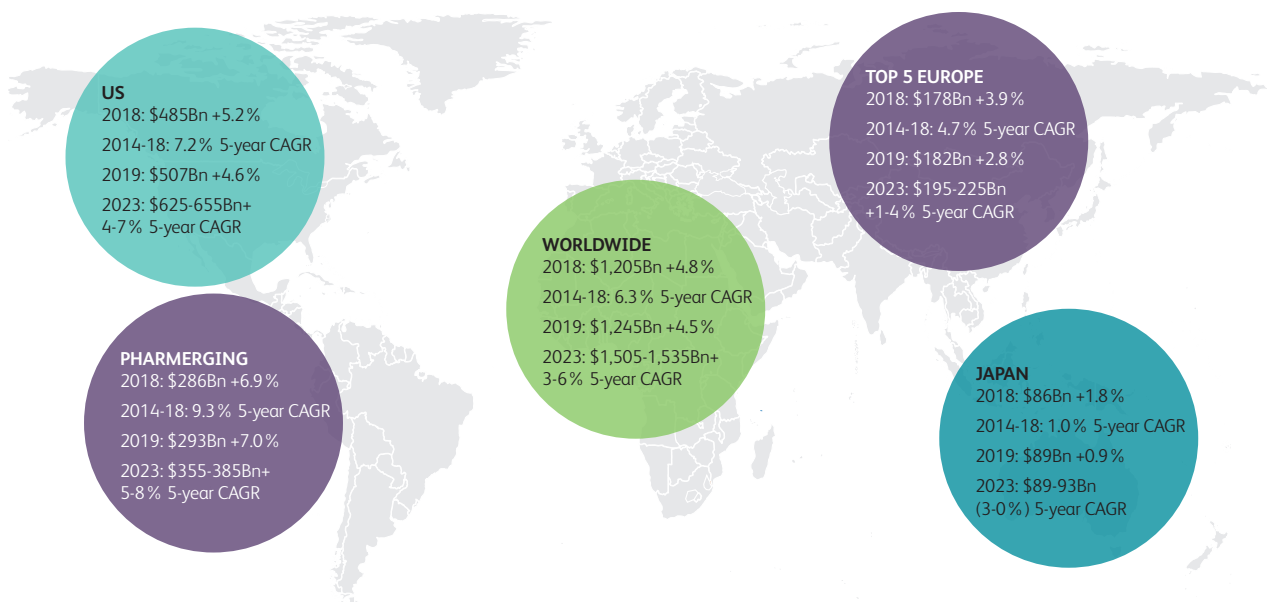
Source: IQVIA Market Prognosis, September 2018; IQVIA Institute, December 2018

US

In the US, while invoice spending is expected to increase at 4-7% CAGR over the next five years, net manufacturer revenue growth is anticipated to be slower at 3-6%. Overall spending growth is driven by a range of factors, including new product acceptance and brand pricing, while it is offset by patent expiries and generics. Brand prices are expected to increase at a historically low rate of 4-7% on an invoice basis for protected branded products over the next five years, but at 0-3% on a net manufacturer revenue basis. A significant rise in the number of new medicine launches will contribute to the increase in spending, but will be offset by losses of market exclusivity of branded products.

Spending on medicines is expected to reach over \$600 billion on an invoice basis in 2023, including spending in all channels (e.g., retail pharmacies, hospitals, doctors' offices, etc.) and on all product types (e.g., small molecules, biologics, brands, generics, biosimilars, etc.). Much of this growth is expected to come from increasing attention towards biosimilars, biologics and orphan drugs.

Exhibit 2: Global Medicines Spending and Growth in Selected Regions, 2018-2023



Source: IQVIA Market Prognosis, September 2018; IQVIA Institute, December 2018

Notes: Market sizes shown in US\$ with actual and forecast exchange rates; growth shown in constant dollars at Q2 2018 exchange rates; Japan growth decline constant dollar basis due to exchange rate dynamics

Europe

In Europe, cost-control measures and slow growth of the new products segment contributed to a moderate growth of 1-4%, compared to the 4.7% CAGR seen over the past five years. This growth was attributed to spending on new products, especially oncology and viral hepatitis treatments. Europe has adopted globally recognised standards and requirements. The government is focusing on making healthcare more accessible to the public, while also creating a more competitive market for specialty medicines.

Pharmerging Markets

Medicine spending in the pharmerging markets continues to be slow compared to the past five years and is projected to grow at 5-8% through 2023. Although China, Brazil and India have the greatest medicine spending within the pharmerging markets, Turkey, Egypt and Pakistan are predicted to have the greatest growth between 2019 and 2023. Though growth in the pharmerging market continues to be motivated primarily by increasing per capita use, some markets are seeing wider increase of newer medicines as patients' capacity to afford them is improving with economic growth.

MANAGEMENT DISCUSSION AND ANALYSIS

\$219 billion

API market by 2023

Africa

According to Goldstein Research, Africa's pharmaceutical industry jumped to a value of \$28.56 billion in 2017 from just \$5.5 billion a decade earlier. The growth is continuing at a rapid pace and it is likely that the market will be worth \$56-70 billion by 2030. Increasing urbanisation, healthcare capacity and supportive business environment are the drivers of the African pharmaceutical market. As a result, between 2017 and 2030, prescription drugs are forecasted to grow at a CAGR of 6.5%, generics at 10%, over-the-counter medicines at 7.1% and medical devices at 12.1%.

There is a huge demand for drugs, medicines and other pharmaceutical products to fight diseases in Africa. However, the lack of capacity to locally manufacture these drugs and products has led to augmented spending on importing them across the continent.

Active Pharmaceutical Ingredients (API) Industry

The global market for the manufacture and supply of APIs is changing rapidly. Fuelled by the aging population, government initiatives, regional penetration, patent expiration of prominent drugs and an increase in global access to treatment, the pharmaceutical market is growing. Financial and efficiency incentives are driving the pharma industry to outsource an increasingly large share of their API production. The API market is expected to grow 5% annually, reaching approximately \$219 billion by 2023. However, strict validation and safety guidelines stated by the WHO and fragmented market are some factors that might obstruct the API market growth.

For the overall industry, increasing healthcare needs/awareness have resulted in increased healthcare expenses. Moreover, the rise in chronic diseases such as cardiovascular diseases, obesity and diabetes have increased the need for APIs of the respective therapy area in the market. Also, the need for reduction in healthcare expenses in the West underpins increased generic penetration and offtake.

Laurus Opportunity Landscape

The global active pharmaceutical ingredients market is estimated to reach \$236.7 billion in 2024, witnessing a CAGR of 6.1%. Some of the key factors that are driving the market include the increasing prevalence of infectious diseases, cardiovascular conditions and other chronic disorders. Laurus has a leadership position in some of the oncology APIs. Carboplatin and Gemcitabine are two key molecules under this category. Therapeutic areas such as cardiovascular, antidiabetic, and ophthalmic are expected to offer good future prospects.

Generics

In their attempt to boost patient access to affordable medicines, governments globally may increase demand for generic drugs. Between 2018 and 2024, \$251 billion in drug revenues will be at risk from patent expiries, with established pharma giants likely to struggle to compete against generics. While this may create growing pipeline opportunities for generics, the number of companies manufacturing generics is consolidating and the complaints against the rising prices for some generics are increasing. Drug shortages may also restrict growth. In 2019, generic drug shortages are likely to continue due to issues with manufacturing quality and capacity, including the impact of the hurricane in Puerto Rico. Disruption in the role of Pharmacy Benefits Managers (PBMs) and other players in the value chain are expected to be another factor affecting the generics markets in the future.

Laurus Opportunity Landscape

The \$250 billion market is under patent protection and the \$60 billion new product market will be added over the next three years. Laurus currently supplies APIs to 9 of the 10 largest generic



Laurus is best placed to garner attractive market share (in 3 products) of the US\$ 1.8 billion ARV tender market.

24.1 million

Patients expected to be under Antiretroviral Therapy (ART) by 2022

pharmaceutical companies and has an advantage in backward integration. Laurus has filed 17 ANDAs and 1 NDA with the US FDA and has received 2 product approvals. It is likely to file 9-10 ANDAs every year with a focus on ARV, oncology and a few Para IV opportunities.

Antiretroviral (ARV) Market

According to Mordor Intelligence, the global ARV therapeutics market is expected to register a CAGR of 6.2% between 2018 and 2023.

HIV continues to be a major global public health issue, having claimed more than 35 million lives so far. As of 2017, there are 36.9 million People Living with HIV (PLHIV) globally. Only 21.7 million of them are receiving treatment, translating to a coverage rate of 59%. A major portion of the PLHIV is in the Low and Middle-income Countries (LMICs), particularly in Africa, with South Africa having the largest HIV+ population (~20%). The ARV tender market – Generic Accessible (GA) LMICs – is \$1.8 billion in size as of 2017. It is estimated to increase to \$1.9 billion by 2022 while accounting for further price reduction attributed to wider acceptance of the lower-cost Tenofovir, Lamivudine and Dolutegravir (TLD) as well as increasing patient coverage rate.

The demand for ARV APIs will see continued growth in the coming years owing to a steady rise in the number of HIV patients, higher detection and coverage rate, decline in the cost of treatment and increase in ARV tenders.

Laurus Opportunity Landscape

Due to the continued increase in patient base and coverage rate, 24.1 million patients are expected to be under Antiretroviral Therapy (ART) in GA LMICs by 2022, translating to a growth of 6% CAGR (CY17-22E). The growth of the ARV market translates to 1.5% CAGR (CY17-22E). Being the cost leader in ARV APIs, Laurus is best placed to garner attractive market share (in 3 products) of the \$1.8 billion ARV tender market. A substantial part of the revenues would start coming in from 2019-20E itself. Lower cost and patented processes have been the key factors in

making Laurus the preferred API supplier in the ARV segment. At present, Laurus is supplying to 80% of the players who participate in ARV tenders.

CRAMS Industry

The Contract Research and Manufacturing Services (CRAMS) is one of the fastest growing sectors in the pharmaceutical and biotechnology industry. The pharmaceutical market uses outsourcing services from providers in the form of Contract Research Organisations (CROs) and Contract Manufacturing Organisations (CMOs). Increasing costs of R&D, coupled with low productivity and poor bottom lines, have enforced major pharmaceutical companies worldwide to outsource part of their research and manufacturing activities to low-cost countries like India. India offers significant cost advantages over matured manufacturing hubs in Europe and North America. India has already emerged as one of the leading cost-competitive and quality manufacturing hubs for many global players, including big pharma companies. Moreover, the current economic crisis, along with the incessant pricing pressure and pro-generic agenda, are driving pharma companies to influence the strengths of Indian pharma manufacturers.

Laurus Opportunity Landscape

Laurus is uniquely positioned to assist customer needs at any stage of the product lifecycle. We offer support for three broad service segments (drug substance, analytical development and product development). We have a presence in the US through Laurus Synthesis Inc. with over 200 scientists across various R&D centres to provide process chemistry services to global clients. CRAMS segment is gaining traction worldwide and the Indian CRAMS industry has witnessed commendable growth in the last few years. India possesses strong growth prospects, inherent competencies and conducive regulatory environment would. By 2020, India have successfully managed to capture a principal slice of global demand for outsourcing and the number of international companies off-shoring their global R&D and manufacturing operations to India and setting up low-cost facilities in the country will increase substantially.

MANAGEMENT DISCUSSION AND ANALYSIS

\$266 billion

Global nutraceutical market in 2018

Nutraceuticals

According to IMARC, the global nutraceuticals market reached \$266 billion in 2018, registering a CAGR of 6% during 2011-2018. Nutraceuticals are products that provide additional nutrition and health advantages to the human body. As nutraceuticals augment the immune and digestive systems and improve the cognitive behaviour of consumers, their demand is being encouraged at a global level.

Increasing awareness around the consumption of healthy foods, shift from chemically derived products to protective healthcare items, steady innovation of natural ingredients used in nutraceuticals and faster growth of e-commerce are some factors driving nutraceuticals demand worldwide. Further, the industry has attained maturity in developed economies like the US. As a result, international manufacturers are now diversifying their businesses to developing regions to expand their consumer base. This shift is further being simplified by rapid urbanisation, increasing western influence, growing middle-class population and inflating income levels of consumers in these countries. Looking forward, the market is projected to reach a value of \$398 billion by 2024, at a CAGR of nearly 7% during 2019-2024.

Laurus Opportunity Landscape

Laurus has been at the forefront in developing and manufacturing pure, well-characterised specialty ingredients in nutraceutical / dietary supplements and cosmeceutical product segments. Our key strength lies in the development of alternate low-cost synthetic routes for typically naturally derived nutraceutical products. The use of nutraceuticals is expected to grow in future. Nutraceuticals influence drug metabolism and can increase the effects of medications when optimally composed. Patented combinations of nutraceuticals and pharmaceuticals may create rewarding business opportunities, going forward.

Indian Pharma Industry

The Indian pharmaceuticals market is the third-largest in terms of volume and thirteenth-largest in terms of value. It has the highest number of USFDA plants outside the US. It is among the global leaders in providing quality generics to the world. The industry is preparing for the next level of growth driven by inclination towards specialty products, customer centricity, improving quality, operational proficiency and productivity, and selective mergers & acquisitions. India's domestic pharmaceutical market turnover reached ₹129,015 crore (\$18.12 billion) in 2018, growing 9.4% year-on-year from ₹116,389 crore (\$17.87 billion) in 2017.

Annual Turnover of the Indian Pharmaceutical Market (US\$ billion)

18.12



Source: Department of Pharmaceuticals, PwC, McKinsey, AIOCD AWACS, IQVIA, CII

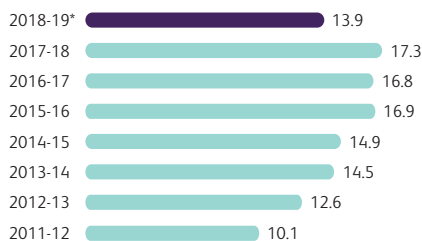
India is among the leading global producers of cost-effective generic medicines and vaccines, supplying 20% of the total global demand by volume. The pharmaceutical industry in India produces a range of bulk drugs, with medicinal properties that form the basic raw materials for formulations. Bulk drugs account for roughly one-fifth of the industry output, while formulations account for the rest. India is also developing its expertise in APIs and has significant opportunities for value-creation in the segment. In India, the cost of manufacturing pharma products is lower compared to other countries, which has contributed to the country having a strong manufacturing base. This is aided by technology development and availability of highly skilled scientists and engineers who have the potential to steer the industry to an even higher level.

Export Trends

Viewed as a high-quality generic manufacturer across the globe, India exports half of its total production of pharmaceuticals to more than 200 countries in the world. In 2017-18, India exported pharma products worth \$17.27 billion and by 2020, the industry estimates the exports to grow by 30% to reach \$20 billion. The US is the most profitable generics market for India's pharma industry. It is valued at around \$60 billion and accounts for about 25% of India's total shipment. In 2017-18, India exported about \$3.21 billion worth of generic drugs to the US, despite the tough regulatory environment in the country. With branded drugs going off patent during 2017-19, research agencies estimate the export of generic drugs to the US to rise by about \$55 billion.

Pharmaceutical Exports from India (US\$ billion)

13.9



* Up to December 2018, EU –European Union, ASEAN -Association of Southeast Asian Nations, LAC -Latin America and the Caribbean

Source: Department of Commerce India, Department of Pharmaceuticals, India Business News, Global Trade Atlas, KPMG US-India Dynamic June 2018, Pharmexcl

Outlook

The Indian pharmaceutical industry has shown great potential and is well-poised for growth. The Indian generic drug sector is robust and is establishing its presence in foreign markets as well.

On the domestic front, there is significant under penetration of pharmaceuticals, especially in chronic therapy, resulting in a large demand-supply gap. New initiatives such as Ayushman Bharat, rising penetration of health insurance, improvement in medical infrastructure, growth of diagnostic networks and increased awareness will lead to growth in the sector in the long term. The government has taken various steps to reduce costs and bring down healthcare expenses. Speedy introduction of generic drugs in the market is expected to benefit the Indian pharmaceutical companies. In addition, the push on rural health programmes, lifesaving drugs and preventive vaccines also promises well for pharmaceutical companies.

Company Overview

Laurus Labs Limited (Laurus) is a leading R&D-driven pharmaceutical company in India. The Company has grown consistently to become a niche player in the pharmaceutical

industry. Its strategic and early investments in R&D and manufacturing infrastructure have enabled it to become one of the leading manufacturers and suppliers of APIs for ARV, oncology and Hepatitis C. It also manufactures APIs in other areas such as oncology, antidiabetes, anti-asthma, cardiovascular and ophthalmology, to name a few. Besides APIs, Laurus is also driving growth opportunities in three other segments – Generic Finished Dosage Formulations (FDFs), Synthesis and Ingredients.

Generics APIs

The development, manufacture and sale of APIs and advanced intermediates

Generics FDF

The development and manufacture of oral solid formulations

Synthesis

Contract development and manufacturing services for global pharmaceutical companies

Ingredients

The manufacture and sale of specialty ingredients for use in the nutraceuticals and cosmeceutical sectors

SWOT Analysis

Strengths

- Leadership in APIs in select, high-growth therapeutic areas
- Strong R&D capabilities
- Modern and regulatory compliant manufacturing capacities
- Long-standing relationships with multinational pharmaceutical companies
- Robust compliance
- Experienced promoters and a dynamic team

Weakness

- Derives most of its revenue from the ARV API segment. Continues to reduce its exposure to the ARV APIs by adding newer business segments
- Does not have much pricing power in products in which it has significant market share

Opportunities

- Forward integration into formulations for US sales would not only drive sales but also improve margins, going forward
- Forward integration in ARV segment would also aid in margin improvement
- Increased traction in the synthesis business on the back of R&D skills and availability of manufacturing capacity

Threats

- Delay in regulatory approvals
- Significant portion of revenue derived from few customers

Key Business Highlights 2018-19

- Commenced commercial operations from Unit 4 and Unit 5
- Incorporated a subsidiary in Germany
- Unit 2 – Formulations Establishment Inspection Report (EIR) received from USFDA
- Unit 6 – USFDA inspection completed successfully with one observation. EIRs received for all regulatory inspections
- Formulation business generated first ₹ 500 million revenue and launched Tenofovir in the US and Canada, Metformin in the US, DLT (a three-product combination product) in LMIC countries under partnership with Global Fund for treatment of HIV/AIDS. Also, commenced supply to Europe under contract manufacturing for treatment of HIV/AIDS

Strategy

Short-term / Medium-term Strategy

- Capitalise on leadership position in APIs in select, high-growth therapeutic areas and foray into regulated markets
- Expand the API portfolio in key therapeutic areas such as oncology, Hepatitis C, cardiovascular, antidiabetic and ophthalmology
- Leverage API cost advantage for forward integration into Generic FDF
- Develop the Synthesis business through various global innovators, including Aspen
- Evolve from a synthetic process to natural extraction for the Ingredients business

MANAGEMENT DISCUSSION AND ANALYSIS

Long-term Strategy

Develop an agile organisation by concentrating on key business enablers:

- **Compliance:** Compliance with varied international regulations to maintain high quality standards and global customer base
- **Customer service:** Sharp awareness of customer needs and determined towards delivering quality products in a timely manner
- **Capacity and capabilities enhancement:** Sufficient capacity to meet demand as well as respond to market opportunities and capabilities enhancement to keep up with technology advancements
- **Cost leadership:** Continuous improvement of the Company's manufacturing process along with mechanisation to be more competitive and to stay longer in the market place
- **Continuity:** Business continuity through risk mitigation and sustainability measures

Research and Development

R&D forms the backbone of Laurus and is the driving factor of its success. At Laurus, a team of well-qualified and skilled professionals in R&D centres spread across multiple locations are specialised across the value chain of research, and process development of advanced intermediates, ingredients and contract research. Our R&D centres conform to international standards and are well equipped with world-class infrastructure managed by best-in-class manpower. Each R&D centre has a dedicated unit integrated with the appropriate business. Our R&D performance centres on the lucidity and cohesiveness among our R&D centres, where rapid exchange of knowledge takes place to keep pace with competition and to develop disruptive technologies for the future. The R&D team mainly emphasises on process development, absorption of technologies and establishment of technologies at a commercial scale.

- R&D team comprising 800+ scientists (~24% of total employee strength), including over 55 PhDs

- Kilo Lab at the R&D centre in Hyderabad accredited by international regulators

Quality and Compliance

We have also established training procedures and systems for the training and development of our employees with respect to regulatory guidance, new developments and internal procedures. During 2018-19, the manufacturing facilities underwent successful regulatory inspections. We are determined to sustain world-class infrastructure and quality standards to consistently deliver and exceed the expectations of our customers.

Regular Inspection at Different Manufacturing Units

2019	USFDA
2018	USFDA, JAZMP-Slovenia
2017	WHO, USFDA, EU (Germany)
2016	USFDA
2015	WHO, USFDA, EU (Germany)
2014	WHO, USFDA, CDSCO
2013	WHO
2012	USFDA
2011	KFDA, USFDA, WHO
2010	MHRA
2009	TGA, USFDA

Outlook

Laurus Labs is leveraging its API skills and forward integrating to supply finished dosages, which would enable Laurus to expand margins. Post the receipt of approval from the USFDA, Laurus has received an order from Global Fund to supply Tenofovir-Lamivudine-Dolutegravir (TLD) as part of a 3.5-year agreement. Additionally, it also plans to participate in country-specific tenders. Further, Laurus is continuing to develop its product pipeline for the US market. It has filed 19 ANDAs till date with an intention to add ~8-10 ANDAs every year. The Synthesis and Ingredients segments are expected to continue growing due to commencement of supply from Unit 5 to Aspen, initiation of Digoxin API from Unit 4 for C2 Pharma and addition of high-potent capabilities to cater to two NDA programmes and a robust pipeline of molecules. Going forward, we have a solid foundation in place and with our streamlined and strengthened portfolio, are well positioned in attractive markets.

Financial Review

Profit & Loss Statement

(₹ in million)

Year	2018-19	2017-18	Growth (%)
Net Sales	22,919	20,562	11.5
EBITDA	3,712	4,418	(16.0)
PBT	1,198	2,374	(49.6)
PAT	938	1,676	(44.1)

Revenue from Operations (Net)

Revenue from operations increased by 11.5% to ₹22,919 million in 2018-19. This increase was mainly driven by improved volumes on the back of new capacity additions and commencement of supplies to Global Fund.

Raw Material Consumed

Raw materials consumed increased to 53.9% in 2018-19, against 51.7% in 2017-18. Major Raw material procurement prices increased significantly due to shortage of intermediates due to environmental issues and closure of manufacturing facilities in China resulted lower Gross margins. This has mitigated through alternative sourcing/in house manufacturing.

Employee Expenses

People-related expenses increased from 2,580 million in 2017-18 to ₹2,892 million in 2018-19. This increase was due to increase in employee strength around 300 comparing to 2017-18.

Other Expenses

Other expenses include other manufacturing, marketing, R&D, administrative expenses, distribution and forex loss which stood at ₹4,111 million in 2018-19 against ₹3,211 million in 2017-18. As a per cent of revenue, other expenses is at 17.9%. The absolute increase is largely due to addition of new blocks, rupee depreciated by ₹4.13 (6.35%) comparing to 2017-18 resulted ₹109 mn forex loss in 2018-19 and additional regulatory filings costs for FDF business.

Net Profit

The net profit decreased by 44.1% to ₹938 million in 2018-19. This represents a PAT margins of 4.1% of revenues versus 8.2% in 2017-18.

Balance Sheet

(₹ in million)

Particulars	As on 31.03.2019	As on 31.03.2018
-------------	---------------------	---------------------

EQUITY AND LIABILITIES

Shareholders' funds

Share capital	1,064	1,060
Reserves and surplus	14,520	13,766
Non-current liabilities	3,489	2,272
Current liabilities	14,239	13,069
Total	33,312	30,167

ASSETS

Non-current assets	1,295	1,252
Fixed assets	17,387	16,440
Current assets	14,630	12,475
Total	33,312	30,167

Shareholders' Funds

Shareholders' Funds increased to ₹15,584 million in 2018-19 from ₹14,826 million in 2017-18.

Debt

(₹ in million)

Particulars	As on 31.03.2019	As on 31.03.2018	Change
BORROWINGS			
Long term borrowings	2,587	1,417	1,170
Current maturities of LTB	930	797	133
Short term borrowings	6,842	7,585	(743)
TOTAL	10,359	9,799	560

In 2018-19 long term borrowings including the current and non-current portion, net increased by ₹1,303 million due to additional term loans. The debt-to-equity ratio was 0.67 in 2018-19 versus 0.66 in 2017-18.

Fixed Assets

The gross carrying value of Fixed Assets increased to ₹20,717 million in 2018-19 primarily due to capitalization of additional blocks in the existing facilities.

Laurus Labs is leveraging its API skills and forward integrating to supply finished dosages, which would enable the Company to expand margins.



MANAGEMENT DISCUSSION AND ANALYSIS

Working Capital

Consolidated Working Capital

(₹ in million)

Particulars	As on 31.03.2019	As on 31.03.2018	Change
Trade Receivables (A)	7,099	5,706	1,394
Inventories (B)	6,819	5,848	972
Trade Payables (C)	4,883	3,123	1,760
Working Capital: (A+B-C)	9,036	8,430	605
Other Current Assets (E)	711	922	(211)
Total Current Assets (D+E)	9,746	9,353	394
Short-term Borrowings (F)	6,842	7,585	(743)
Other Current Liabilities (G)	2,514	2,360	153
Total Current Liabilities (F+G)	9,356	9,946	(590)

Ratios

Key Ratios*	As on 31.03.2019	As on 31.03.2018
Debtors Turnover	3.6	3.6
Inventory Turnover	3.6	3.8
Interest Coverage Ratio	4.3	5.8
Current Ratio	1.03	0.95
Debt Equity Ratio	0.67	0.66
Operating Profit Margin (EBITDA) (%)	16.2	21.5
Net Profit Margin (%)	4.1	8.2
Return on Net Worth (%)	6.2	11.9

*All numbers are based on consolidated financials

The chief reasons for decline in EBITDA, Net Profit Margin and Return on Net Worth include the sharp increase of raw material procurement prices due to shortage of intermediates, external issues and closure of manufacturing facilities in China.

Internal Control Systems & Adequacy

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

Cautionary Statement

Certain statements in this Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Although the expectations are based on reasonable assumptions, actual results could materially differ from those expressed or implied.

Statutory Reports



BOARD'S REPORT

To,
The Members of
Laurus Labs Limited

Your Directors have pleasure in presenting the 14th Annual Report of the Company together with the Audited Financial Statements for the Financial Year ended 31st March 2019.

Standalone and Consolidated Financial Highlights:

(₹ in Million)

Particulars	Consolidated		Standalone	
	2018-19	2017-18	2018-19	2017-18
Net Revenue from Operations	22,919	20,562	22,361	20,392
Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)	3,712	4,417	3,667	4,369
Finance Charges	882	796	858	754
Depreciation/Amortization	1,642	1,254	1,605	1,212
Net Profit Before Tax	1,198	2,374	1,212	2,409
Provision for Tax	260	698	262	678
Net Profit After Tax carried to Balance Sheet	938	1,676	950	1,731
Proposed Dividend amount	-	-	160	159
Proposed Dividend Tax amount	-	-	33	33

Company's Affairs:

(i) Operations:

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

- Commenced commercial operations from Unit 4
- Incorporated a step down subsidiary in Germany
- Unit 2 – Formulations Establishment Inspection Report (EIR) received from USFDA.
- Unit 6 – USFDA inspection completed successfully with one observation. EIRs received for all regulatory inspections.
- Formulation business generated first ₹ 500 million revenue and launched Tenofovir, Metformin in US, Tenofovir in Canada, DLT (a three-product combination product) in LMIC countries under partnership with Global Fund for treatment of HIV/AIDS. Also commenced supply to Europe under contract manufacturing to an European partner

(ii) Outlook:

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

Management Discussion & Analysis:

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

Dividend:

Your directors are pleased to recommend a dividend @ 15% (i.e. ₹1.50 per share of face value of ₹10/- each) for the Financial Year ended March 31, 2019. The dividend, if approved by the Members, in their forthcoming Annual General Meeting to be held on July 11, 2019, will be paid to the Members on or after July 15, 2019, whose names appear on the Register of Members as on Book Closure Date.

Transfer to Reserves:

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

Share Capital:

During the year under review, the Company had allotted 4,07,000 equity shares of ₹10/- each to the eligible employees under ESOP Schemes, 2011 & 2016. Accordingly, the share capital has increased as follows:

Paid Up Capital as on March 31, 2018	Movement during the year 2018-19	Cumulative Paid Up Capital after such movement
106,029,749 equity shares of ₹10/- each	Allotted 4,07,000 equity shares of ₹10/- each in September, 2018 under ESOP Schemes, 2011& 2016	106,436,749 equity shares of ₹10/- each

Change in the nature of business, if any:

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

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

There are no material changes and commitments affecting the financial position of the Company that have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the Report i.e. between March 31, 2019 to May 02, 2019.

Fixed deposits:

The Company did not accept any fixed deposits.

Subsidiaries, Associates and Joint Ventures:

The Company has the following Wholly Owned Subsidiaries, namely, (i) Sriam Labs Private Limited; (ii) Laurus Synthesis Inc., USA and (iii) Laurus Holdings Ltd., United Kingdom (UK).

Laurus Holdings Ltd., UK, in turn, established two Wholly Owned Subsidiaries, namely (i) Laurus Generics Inc., United States of America; and (ii) Laurus Generics GmbH, Germany.

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

Consolidated financial Statements:

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

Particulars of Loans, Guarantees and Investments:

During the year, your Company has continued the Corporate Guarantee to Citi Bank, India and, in turn, Standby Letter of Credit issued by Citi Bank, India to Citi Bank Inc. USA on behalf of the Subsidiary Company, namely Laurus Synthesis Inc. USA, for US Dollars 2 Million, to meet the objectives of the said Subsidiary Company.

Further, the Company has also issued two Corporate Guarantees to the Bankers of Sriam Labs Private Limited in the previous financial year for an amount of ₹500.00 Million, both of which are well within the limits prescribed under Sec.186 of the Companies Act, 2013.

Board of Directors and Key Management Personnel:

As per the provisions of the Companies Act, 2013, Mr. Chandrakanth Chereddi and Dr.Venkata Lakshmana Rao,

Directors, will retire at the ensuing annual general meeting and, being eligible, seek reappointment. The Board of Directors recommends their re-appointment.

Mr. Chandrakanth Chereddi and Dr.Venkata Lakshmana Rao have been appointed as Whole Time Directors for a period of 5 years with effect from August 9, 2016 and March 8, 2018 respectively and have been approved by the Members in their respective Annual General Meetings and they continue to function as Whole Time Directors of the Company. Dr.M.Venu Gopala Rao has been appointed as the Chairman of the Board for a further period of two years in May 2018.

Board Meetings:

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

Performance Evaluation:

The formal annual evaluation of the performance of the Board as well as non-independent directors was undertaken by the Nomination and Remuneration Committee. The performance of Board Committees and of individual independent directors was undertaken by the Board.

The manner of the evaluation of the Board and other Committees has been determined by the Nomination and Remuneration Committee as per SEBI circular dated January 05, 2017.

Declaration from Independent Directors:

The independent directors have submitted the declaration of independence stating that they meet the criteria of independence as prescribed in sub-section (6) of Section 149 of the Companies Act, 2013 as well as under Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Policy on Directors' Appointment and Remuneration:

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

The nomination and remuneration policy is adopted by the Board and the salient features of the policy are as follows:

- Non-Executive and Independent Directors ("NEDs") will be paid remuneration by way of sitting fees and commission. The remuneration/ commission/ compensation to the NEDs will be determined by the Nomination and Remuneration

BOARD'S REPORT CONTD.

Committee ("**Compensation Committee**") and recommended to the Board for its approval.

- As approved by the shareholders at the shareholders meeting held on July 20, 2016, commission will be paid at a rate not exceeding 1 % per annum of the profits of the Company computed in accordance with section 198 of the Act.
- The payment of the Commission to the NEDs will be placed before the Board every year for its consideration and approval. The sitting fee payable to the NEDs for attending the Board and Compensation Committee meetings will be fixed, subject to the statutory ceiling. The fee will be reviewed periodically and aligned to comparable best in class companies.
- NEDs will not be eligible to receive stock options under the existing employee stock option scheme(s) ("**ESOP**") of the Company.
- The compensation paid to the executive directors (including managing director) will be within the scale approved by the shareholders. The elements of the total compensation, approved by the Compensation Committee will be within the overall limits specified under the Act.
- The Company's total compensation for Directors and Key Managerial Personnel as defined under the Act / other employees will consist of:
 - fixed compensation
 - variable compensation in the form of annual incentive
 - benefits
 - work related facilities and, perquisites

Changes made to the policy: Nil

The Nomination and Remuneration Policy is placed on the Company's website and the following is web address of the said policy.

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

Dividend Distribution Policy:

The Dividend Policy of the Company is attached as **Annexure-2** to this Report.

The said Dividend Distribution policy is placed at the website of the Company

https://lauruslabs.com/Investors/PDF/Policies/Dividend_Policy.pdf.

Risk Management:

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

Adequacy of Internal Financial Controls:

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

Directors' Responsibility Statement:

In terms of Section 134(3)(c) of the Companies Act, 2013, the Board of Directors of the Company states that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis;
- (e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operative effectively; and
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operative effectively.

Related Party Transactions:

In accordance with Sec 134(h) of the Companies Act, 2013 and Rule 8(2) of Companies (Accounts) Rules, 2014, the particulars of contracts or arrangements entered into by the Company with

the Related Parties referred to in Sec.188(1) of the Act, have been provided in Form AOC-2 and attached the same as **Annexure-3**

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

Vigil Mechanism:

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

Auditors:

(i) Statutory Auditors:

M/s. Deloitte, Haskins & Sells LLP, Firm Registration No.117366W/W-100018 who were appointed as Statutory Auditors of the Company by the Shareholders of the Company in their 12th Annual General Meeting held in July 2017 for a period of five years shall be the Statutory Auditors of the Company.

The requirement under the proviso to Sec.139(1) that "the Company shall place the matter relating to such appointment (of auditors) for ratification by members at every annual general meeting" has been omitted from the Companies Act, 2013. Therefore, the Company does not propose ratification of appointment of statutory auditors for the approval of the members.

(ii) Cost records and Auditors:

The Company is required under Section 148(1) of the Companies Act, 2013 read with Companies (Audit & Auditors') Rules, 2014 and the Companies (Cost Records and Audit) Amendments Rules, 2014, the Company is required to maintain the cost records in respect of its business and accordingly such accounts and records are made and maintained.

Your Board has appointed M/s. Bharathula & Associates, Cost Accountants, as the Cost Auditors of the Company for the Financial Year 2019-20. As required by the Act, the remuneration of the Cost Auditors has to be ratified by the Members and accordingly the resolution relating to the Cost Auditors is being placed before the Members for their ratification.

(iii) Secretarial Auditors & Secretarial Audit Report:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Y.Ravi Prasada Reddy, Practising Company Secretary (CP No. 5360) proprietor of RPR & Associates, to undertake the Secretarial Audit of the Company for the financial year 2018-19. The Secretarial Audit Report issued in Form MR-3 is in **Annexure-4** to this Report. There are no qualifications, reservations or adverse remarks in the Secretarial Audit Report.

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

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

Significant and material orders passed by the Courts/Regulators:

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

Rating:

CARE has reaffirmed its rating of AA- with a stable outlook on the long term bank facilities of the Company and A1+ on the short term bank facilities of the Company.

Insurance:

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

Corporate Social Responsibility initiatives:

Pursuant to the provisions of Section 135 and Schedule VII of the Companies Act, 2013, CSR Committee of the Board of Directors had framed the policy on Corporate Social Responsibility and the Projects and Programs undertaken by the Company during the year under review have been provided in **Annexure-5** and forms part of this Report.

Extract of Annual Return:

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in MGT 9 is given in the **Annexure-6** and forms part of this Report.

Further, the Annual Return is placed in the Website of the Company at www.lauruslabs.com.

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

In accordance with the provisions of Section 134 and Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the statement of particulars of appointment and remuneration of managerial personnel and employees is attached in **Annexure-7** to this Report.

Human resources:

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

BOARD'S REPORT CONTD.

Employee Stock Options:

During the year, the Company has allotted 407,000 (Four Lakhs Seven Thousand only) equity shares of ₹10/- to various eligible employees of the Company under Employee Stock Option Schemes-2011&2016 upon exercise of their vesting rights.

The details of stock options are as mentioned in **Annexure 8** and forms part of this Report. Further, the details of the stock options stated in the notes to accounts of the financial statements also forms part of this Annual Report.

Conservation of energy, technology absorption and foreign exchange earnings/outgo:

The information required under Section 134 (3) (m) of the Companies Act, 2013, read with Rule 8(3) of Companies (Accounts) Rules, 2014, is appended hereto as **Annexure 9** and forms part of this Report.

Policy on Prevention of Sexual Harassment:

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

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

The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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

For and on behalf of the Board

Dr. Satyanarayana Chava
Executive Director &
Chief Executive Officer
DIN:00211921

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

Place: Hyderabad
Date: 2nd May 2019

BSE 500:

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

Corporate Governance:

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

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

Business Responsibility Report (BRR)

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

Acknowledgements:

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

ANNEXURE - 1

FORM AOC - 1

PART - A: SUBSIDIARIES INFORMATION

Sl. No.	Particulars	Details		
1	Name of Subsidiary	Sriam Labs Private Limited	Laurus Synthesis Inc., USA	Laurus Holdings Ltd. UK
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	April 01, 2018 to March 31, 2019		
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Indian Rupees (in Mn.)	US Dollars (in Mn.)	GB Pound (in Mn.)
4	Share capital	142.03	3.00	0.85
5	Reserves & Surplus	(15.57)	(4.33)	(0.74)
6	Total Assets	597.97	0.96	1.58
7	Total Liabilities	471.51	2.29	1.47
8	Investments			
9	Turnover	697.61	2.54	0.52
10	Profit before taxation	53.96	(0.04)	(0.67)
11	Provision for taxation		-	
12	Profit after taxation	54.94	(0.04)	(0.67)
13	Proposed Dividend	-	-	-
14	% of shareholding	100%	100%	100%

Laurus Synthesis Inc., is a US based foreign Subsidiary and its Local currency is USD. Exchange rate as on March 31, 2019 : 69.1713/USD 1

Laurus Holdings Ltd. is a UK based foreign subsidiary and its local currency is GB Pound. Exchange rate as on March 31, 2019: 90.476/GBP1

PART - B: ASSOCIATES AND JOINT VENTURES

Sl. No.	Name of Associates/Joint Ventures	March 31, 2019
1	Latest Audited Balance Sheet Date	
2	Shares of Associate/Joint Ventures held by the Company on the year end	
	No.	
	Amount of Investment in Associates/Joint Venture / ₹ in Mn	
	Extend of Holding %	
3	Description of how there is significant influence	
4	Reason why the associate/joint venture is not consolidated	
5	Networth attributable to Shareholding as per latest audited Balance Sheet	
6	Profit/Loss for the year	
	i. Considered in Consolidation	
	ii. Not Considered in Consolidation	

ANNEXURE - 2

Dividend Distribution Policy

(As reviewed and approved on 2nd May 2019)

Pursuant to Regulation 43A of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Dividend Distribution Policy for the Company is as under:

The Company shall comply with the relevant statutory requirements that are applicable to the Company in declaring dividend.

The parameters that will be taken into account by the Board of Directors of the Company in determining the dividend to its shareholders are as follows:

(a) The circumstances under which the shareholders may or may not expect dividend:

Generally, the Board shall determine the dividend for a particular period after taking into consideration the financial performance of the Company. The Dividend shall be declared or paid out of the profits of the Company after providing for depreciation of the Company and in accordance with the provisions of the Companies Act, 2013.

(b) The financial/internal parameters that shall be considered while declaring dividend:

- Capital allocation plans including expected cash requirements of the Company towards working capital and capital expenditure;
- Investments required towards execution of the Company's strategy;
- Funds required for any acquisitions that the Board of Directors may approve etc.
- Minimum cash required for contingencies or unforeseen events;
- Funds required to service any outstanding loans;
- Liquidity and return ratios; and
- Any other significant developments that require cash investments.

(c) External factors that shall be considered for declaration of dividend:

- Any significant changes in macro-economic environment affecting India or the geographies in which the Company operates, or the business of the Company or its clients;
- Any political, tax (including rate of Income Tax and dividend distribution tax) and regulatory changes in the geographies in which the Company operates;

- Any significant change in the business or technological environment resulting in the Company making significant investments to effect the necessary changes to its business model;
- Any changes in the competitive environment requiring significant investment.

(d) Policy as to how the retained earnings shall be utilized:

The consolidated profits earned by the Company can either be retained in the business or used for various purposes as outlined in clause (b) above or it can be distributed to the shareholders.

(e) Treatment of various classes of shares:

The provisions contained in this policy shall apply to all classes of Shares of the Company. However, currently the Company has only one class of shares, namely, Equity Shares.

(f) Amount of Dividend:

In the light of the above guiding parameters, the Board shall endeavor to declare dividend which translates to the Dividend Payout Ratio (Dividend/Net Profit After Tax for the year of Standalone Financials of the Company) of up to 20% (including dividend distribution tax).

The Board of Directors may in extraordinary circumstances, deviate from the parameters listed in this policy.

Amendments to the Policy:

The Policy may be amended, as and when deemed fit by the Board of Directors of the Company.

ANNEXURE - 3

AOC-2

Particulars of contracts/arrangements entered into by the Company with related parties
(Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

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

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

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

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

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

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

ANNEXURE - 4

Form No. MR-3
SECRETARIAL AUDIT REPORT
For the Financial Year ended 31st March, 2019

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

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, the explanations and clarifications given to us and the representations made by the Management, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on 31st March, 2019, (i.e. from 1st April, 2018 to 31st March, 2019) complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company to the applicable extent for the financial year ended on 31st March, 2019 according to the provisions of:

- | | |
|--|---|
| <p>A. The Companies Act, 2013 (the "Act") and the rules made thereunder;</p> <p>B. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;</p> <p>C. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;</p> <p>D. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;</p> | <p>E. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company:-</p> <p>(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;</p> <p>(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;</p> <p>(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time;</p> <p>(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;</p> <p>(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the financial year) ;</p> <p>(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;</p> <p>(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2018 (Not applicable to the Company during the financial year) ;</p> <p>(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (Not applicable to the Company during the financial year).</p> <p>F. The Memorandum and Articles of Association.</p> <p>G. The Company has identified and confirmed the following laws as specifically applicable to the Company.</p> <p>(a) Drugs (Control) Act, 1950</p> <p>(b) Drugs and Cosmetics Act, 1940 and the Drugs and Cosmetics Rules, 1945</p> <p>(c) Narcotic Drugs and Psychotropic Substances Act, 1985</p> <p>(d) The Food Safety and Standards Act, 2006</p> |
|--|---|

(e) The Indian Boilers Act, 1923

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI)
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Listing Agreements entered into with BSE Limited and National Stock Exchange of India Limited;

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

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

We further report that:

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

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

on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

1. The Company has issued and allotted 4,07,000 equity shares of ₹10/- each to the eligible employees in September, 2018 under ESOP Schemes 2011 & 2016.
2. The Company had incorporated through its Wholly Owned Subsidiary i.e. Laurus Holdings Limited, a step down subsidiary in Germany known as "Laurus Generics GmbH".

For **RPR & ASSOCIATES**
Company Secretaries

Y Ravi Prasada Reddy

Proprietor

Place: Hyderabad

Date: 26.04.2019

FCS No. 5783, C P No. 5360.

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

ANNEXURE

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

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

1. Maintenance of Secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices followed by us provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the Management representations about the compliance of laws, rules and regulations and happening of events etc.,
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **RPR & ASSOCIATES**
Company Secretaries

Y Ravi Prasada Reddy

Proprietor

Place: Hyderabad

Date: 26.04.2019

FCS No. 5783, C P No. 5360.

ANNEXURE - 5

CORPORATE SOCIAL RESPONSIBILITY POLICY STATEMENT

- 1 A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs. : The scope of the CSR Policy would include all/any activities specified in Schedule VII of the Companies Act, 2013. Web link: www.lauruslabs.com/csr-activities
- 2 The Composition of the CSR Committee. : As stated in Directors' Report
- 3 Average net profit of the company for last three financial years : ₹ 2218.27 Mn
- 4 Prescribed CSR Expenditure (2% of item 3 above) : ₹ 44.37 Mn
- 5 Details of CSR spent during the financial year. :
- a) Total amount spent for the financial year; : ₹ 46.07 Mn
- b) Amount unspent, if any; : 0
- c) Manner in which the amount spent during the financial year is detailed below. :

1	2	3	4	5	6	7	8
CSR project or activity identified.	Sector in which the Project is covered	Projects or programs (1)Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or Programs Sub heads: (1)Direct expenditure on projects or programs. (2) Overheads: (₹)	Cumulative expenditure upto to the reporting period (₹)	Amount spent: Direct or through implementing agency*	
1	Stipend for Gitam University Students	Promoting Education	Visakhapatnam		26,975,968	26,975,968	Direct
2	Contribution to LV Prasad Eye Institute	Promoting Preventive Health Care	Hyderabad		3,333,333	30,309,301	Direct
3	Mobile Van to Akshaya Patra for Food Transport	Eradicating hunger, poverty and malnutrition	Hyderabad		1,400,000	31,709,301	Paid to Trust
4	Stipend for Krishna University Students	Promoting Education	Visakhapatnam		1,259,195	32,968,496	Direct
5	Fire station at anakapalli	Ensuring environmental sustainability	Visakhapatnam		7,713,836	40,682,332	Direct
	Drinking water facility	Safe drinking water	Visakhapatnam		152,291	40,834,623	Direct
6	Contribution for Mobile Science Lab	Promoting Education	Visakhapatnam		1,490,000	42,324,623	Direct
7	Green Plantation	Plantation	Visakhapatnam		2,042,452	44,367,075	Direct
8	Contribution for School Teacher Salary	Promoting Education	Visakhapatnam		198,000	44,565,075	Direct
9	Sponcership for Tennis court	Sponcership for Tennis court	Hyderabad		1,500,000	46,065,075	Direct
TOTAL					46,065,075		

ANNEXURE - 6

Form No.MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March 2019

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

I. Registration and other details:

i. CIN	L24239AP2005PLC047518
ii. Registration Date	19th September 2005
iii. Name of the Company	Laurus Labs Limited
iv. Category/Sub-Category of the Company	Limited Company
v. Address of the Registered office and contact details	Plot No.21, Jawaharlal Nehru Pharma City, Parawada, Visakhapatnam – 531 021, India Phone No.:+91 40 39804333
vi. Whether listed company	Yes
vii. Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Fintech Private Limited, Selenium Tower B Plot No. 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad, Telangana, 500032.

II. Principal Business Activities of the Company

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

Sr. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Manufacture of pharmaceutical products	210	93.93%

III. Particulars of Holding, Subsidiary and Associate Companies

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	%of shares held	Applicable Section
1.	Sriam Labs Private Limited	U24239TG2002PTC038490	Subsidiary	100%	Sec.2(87)(ii)
2.	Laurus Synthesis Inc (USA)		Subsidiary	100%	Sec.2(87)(ii)
3.	Laurus Holdings Ltd [LHL] (UK)		Subsidiary	100%	Sec.2(87)(ii)
4.	Laurus Generics Inc (USA)		Subsidiary of LHL	100%	Sec.2(87)(ii)
5.	Laurus Generics GmbH (Germany)		Subsidiary of LHL	100%	Sec.2(87)(ii)

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

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
(A) (1) Indian									
a) Individual/ HUF	32,408,204	0	32,408,204	30.57	34,877,144	0	34,877,144	32.77	2.20
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.									
e) Banks / FI									
f) Any Other									
Sub-total(A)(1):-	32,408,204	0	32,408,204	30.57	34,877,144	0	34,877,144	32.77	2.20

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
	(A) (2) Foreign								
a) NRIs-Individuals									
b) Other-Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other									
Sub-total(A)(2):-									
Total Shareholding of Promoter (A)=(A)(1)+ (A)(2)	32,408,204	0	32,408,204	30.57	34,877,144	0	34,877,144	32.77	2.20
B. Public Shareholding									
(B) (1). Institutions									
a) Mutual Funds	8,244,088	0	8,244,088	7.78	5,497,291	0	5,497,291	5.16	(2.62)
b) Banks/FI	27,729	0	27,729	0.03	43,762	0	43,762	0.04	0.01
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs	33,227,208	0	33,227,208	31.41	27,130,741	0	27,130,741	25.49	(5.92)
h) Foreign Venture Capital Funds									
i) Others (specify)									
i. Alternate Investment Funds	1,334,511	0	1,334,511	1.26	1,234,796	0	1,234,796	1.16	(0.10)
ii. Foreign Portfolio Investors	10,784,660	0	10,784,660	10.17	13,593,130	0	13,593,130	12.77	2.67
Sub-total(B)(1)	53,618,196	0	53,618,196	50.57	47,499,720	0	47,499,720	44.62	(5.95)
(B) (2). Non Institutions									
a) Bodies Corp.									
(i) Indian									
(ii) Overseas									
b) Individuals									
(i) Individual shareholders holding nominal share capital upto ₹ 2 lakhs	5,476,470	36,007	5,512,477	5.20	5,746,570	22,007	5,768,577	5.42	0.22
(ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakhs	7,354,493	0	7,354,493	6.94	8,993,875	0	8,993,875	8.45	1.51
c) Others(Specify)									
i) NR Individual	948,404	0	948,404	0.89	1,459,046	0	1,459,046	1.37	0.48
ii) Foreign National	80,000	0	80,000	0.08	80,000	0	80,000	0.08	(0.01)
iii) NBFCs registered with RBI	184,691	0	184,691	0.17	5,011	0	5,011	0.00	(0.17)
iv) Trusts	827,000	0	827,000	0.78	827,000	0	827,000	0.78	0
v) Clearing Members	32,267	0	32,267	0.03	86,632	0	86,632	0.08	0.05
vi) Bodies Corporate	4,485,718	0	4,485,718	4.23	6,214,211	0	6,214,211	5.84	1.61
vii) HUF	578,299	0	578,299	0.55	625,533	0	625,533	0.59	0.04

ANNEXURE - 6 CONTD.

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Sub-total(B)(2)	19,967,342	36,007	20,003,349	18.85	24,037,878	22,007	24,059,885	22.60	3.75
Total Public Shareholding (B)=(B)(1)+ (B)(2)	73,585,538	36,007	73,621,545	69.43	71,537,598	22,007	71,559,605	67.22	(2.21)
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	105,993,742	36,007	106,029,749	100	106,414,742	22,007	106,436,749	100	

ii. Shareholding of Promoters

Sl. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Dr. Satyanarayana C	16,781,704	15.83	Nil	18,838,804	17.70	7.27	1.87
2	Ms. Naga Rani C	6,240,000	5.89	Nil	7,376,544	6.93	2.63	1.04
3	Dr. Raju S Kalidindi	5,200,000	4.90	Nil	4,400,000	4.13	Nil	(0.77)
4	Mr. Ravi Kumar V V	1,600,000	1.51	Nil	1,610,000	1.51	Nil	0
5	Dr. Lakshman Rao C V	2,300,000	2.17	Nil	2,357,296	2.21	Nil	0.05
Promoter Group								
6	Ms. Kommana Kamala	20,000	0.02	Nil	20,000	0.02	Nil	0
7	Ms. Vasireddy Krishnaveni	40,000	0.04	Nil	40,000	0.04	Nil	0
8	Ms. Suryadevara Rama	40,000	0.04	Nil	40,000	0.04	Nil	0
9	Ms. Chintalapati Jayapadma	40,000	0.04	Nil	40,000	0.04	Nil	0
10	Ms. Chintalapati Vijaya Durga	40,000	0.04	Nil	40,000	0.04	Nil	0
11	Mr. S Narasimha Rao	26,500	0.02	Nil	29,500	0.03	Nil	0
12	Ms. Hymavathi V	40,000	0.04	Nil	45,000	0.04	Nil	0
13	Mr. Sekhar Babu C	20,000	0.02	Nil	20,000	0.02	Nil	0
14	Ms. Naga Mani T	20,000	0.02	Nil	20,000	0.02	Nil	0
	Total	32,408,204	30.57		34,877,144	32.77		

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

Sl. No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	32,408,204	30.57		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase				
	Add: Purchase as per the disclosure on 25/05/2018 by Dr. Satyanarayana C	200,000	0.19	32,608,204	30.75
	Add: Purchase as per the disclosure on 25/05/2018 by Mrs. V. Hymavathi	5,000	0	32,613,204	30.76
	Add: Purchase as per the disclosure on 28/05/2018 by Dr. Satyanarayana C	216,246	0.2	32,829,450	30.96
	Add: Purchase as per the disclosure on 28/05/2018 by Mr. VV Ravi Kumar	10,000	0.01	32,839,450	30.97
	Add: Purchase as per the disclosure on 29/05/2018 by Dr. Satyanarayana C	633,206	0.6	33,472,656	31.57
	Add: Purchase as per the disclosure on 04/06/2018 by Dr. Satyanarayana C	49,448	0.05	33,522,104	31.62
	Add: Purchase as per the disclosure on 06/06/2018 by Dr. Satyanarayana C	170,600	0.16	33,692,704	31.78

Sl. No	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
Add: Purchase as per the disclosure on 28/06/2018 by Dr. Satyanarayana C	305,272	0.29	33,997,976	32.06
Add: Purchase as per the disclosure on 30/06/2018 by Dr. Satyanarayana C	84,564	0.08	34,082,540	32.14
Add: Purchase as per the disclosure on 04/07/2018 by Dr. Satyanarayana C	86	0	34,082,626	32.14
Add: Purchase as per the disclosure on 08/08/2018 by Dr. Satyanarayana C	271,156	0.26	34,353,782	32.4
Add: Purchase as per the disclosure on 10/08/2018 by Dr. Satyanarayana C	18,444	0.02	34,372,226	32.42
Add: Purchase as per the disclosure on 10/08/2018 by Dr. Satyanarayana C	108,078	0.1	34,480,304	32.52
Add: Purchase as per the disclosure on 17/08/2018 by Mrs. Nagarani Chava	594,669	0.56	35,074,973	33.08
Add: Purchase as per the disclosure on 17/08/2018 by Mrs. Nagarani Chava	456,331	0.43	35,531,304	33.51
Add: Purchase as per the disclosure on 07/09/2018 by Mrs. Nagarani Chava	16,135	0.02	35,547,439	33.53
Paid Up Capital Increased from 106029749 to 106436749 on 20/09/2018 due to ESOP Allotment				
Add: Purchase as per the disclosure on 24/09/2018 by Mrs. Nagarani Chava	2,068	0	35,549,507	33.4
Add: Purchase as per the disclosure on 26/09/2018 by Mrs. Nagarani Chava	2,980	0	35,552,487	33.4
Add: Purchase as per the disclosure on 04/10/2018 by Mrs. Nagarani Chava	26,150	0.02	35,578,637	33.43
Add: Purchase as per the disclosure on 10/10/2018 by Mrs. Nagarani Chava	38,211	0.04	35,616,848	33.46
Add: Purchase as per the disclosure on 26/11/2018 by Dr. CV Lakshman Rao	10,000	0.01	35,626,848	33.47
Add: Purchase as per the disclosure on 26/11/2018 by Dr. CV Lakshman Rao	10,000	0.01	35,636,848	33.48
Add: Purchase as per the disclosure on 14/12/2018 by Dr. CV Lakshman Rao	10,000	0.01	35,646,848	33.49
Add: Purchase as per the disclosure on 29/12/2018 by Dr. CV Lakshman Rao	6,946	0.01	35,653,794	33.5
Add: Purchase as per the disclosure on 16/02/2019 by Dr. CV Lakshman Rao	20,350	0.02	35,674,144	33.52
Less: Sale as per the disclosure on 12/03/2019 by Dr. Srihari Raju Kalidindi	500,000	0.47	35,174,144	33.05
Less: Sale as per the disclosure on 18/03/2019 by Dr. Srihari Raju Kalidindi	265,000	0.25	34,909,144	32.8
Less: Sale as per the disclosure on 19/03/2019 by Dr. Srihari Raju Kalidindi	35,000	0.03	34,874,144	32.77
Add: Purchase by Mr. S Narasimha Rao on 20/02/2019	3,000	0.00	34,877,144	32.77
At the End of the year	34,877,144	32.77		

ANNEXURE - 6 CONTD.

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

Sl. No.	Name	Shareholding at the beginning		Cumulative Shareholding during the Year	
		of the year No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Bluewater Investment Ltd				
	At the beginning of the year	20,989,596	19.8		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	Due to allotment of shares in ESOP, percentage came down to 19.72.	20,989,596	-0.08	20,989,596	19.72
	At the end of the year	20,989,596	19.72		
2	Amansa Holdings Private Limited				
	At the beginning of the year	0			
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	Add: Purchase as per Benpos dated 01.03.2019	440,162	0.41		
	Add: Purchase as per Benpos dated 15.03.2019	2,536,575	2.38	2,976,737	2.8
	Add: Purchase as per Benpos dated 22.03.2019	3,300,000	3.1	6,276,737	5.9
	At the end of the year	6,276,737	5.9		
3	FIL capital Management (Mauritius) Limited				
	At the beginning of the year	12,237,612	11.54		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	Due to allotment of shares in ESOP, percentage came down to 11.50.	12,237,612	-0.04	12,237,612	11.5
	Less: Sale as per Benpos dated 15.03.2019	6,118,806	5.75	6,118,806	5.75
	At the end of the year	6,118,806	5.75		
4	ICICI Prudential Pharma Healthcare and Diagnostics (P.H.D) Fund				
	At the beginning of the year	0			
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	Add: Purchase as per Benpos dated 24.08.2018	233,227	0.22		
	Add: Purchase as per Benpos dated 31.08.2018	369,692	0.35	602,919	0.57
	Add: Purchase as per Benpos dated 07.09.2018	65,766	0.06	668,685	0.63
	Add: Purchase as per Benpos dated 14.09.2018	81,970	0.08	750,655	0.7
	Add: Purchase as per Benpos dated 21.09.2018	7,315	0.01	757,970	0.71
	Add: Purchase as per Benpos dated 29.09.2018	173,930	0.16	931,900	0.87
	Add: Purchase as per Benpos dated 05.10.2018	68,682	0.06	1,000,582	0.94
	Add: Purchase as per Benpos dated 12.10.2018	3,172	0	1,003,754	0.94
	Add: Purchase as per Benpos dated 19.10.2018	838	0	1,004,592	0.94
	Add: Purchase as per Benpos dated 18.01.2019	10,123	0.01	1,014,715	0.95
	Add: Purchase as per Benpos dated 25.01.2019	79,130	0.07	1,093,845	1.03
	Add: Purchase as per Benpos dated 01.02.2019	410,747	0.38	1,504,592	1.41
	At the end of the year	1,504,592	1.41		

Sl. No.	Name	Shareholding at the beginning		Cumulative Shareholding during the Year	
		of the year No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
5	Goldman Sachs India Limited				
	At the beginning of the year	1,432,643	1.35		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the end of the year	1,432,643	1.35		
6	Government Pension Fund Global				
	At the beginning of the year	0			
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	Add: Purchase as per Benpos dated 27.04.2018	1,750,000	1.65		
	Less: Sale as per Benpos dated 22.06.2018	1,777	0	1,748,223	1.65
	Less: Sale as per Benpos dated 29.06.2018	69,998	0.06	1,678,225	1.58
	Less: Sale as per Benpos dated 06.07.2018	18,341	0.01	1,659,884	1.56
	Less: Sale as per Benpos dated 13.07.2018	3,984	0	1,655,900	1.56
	Less: Sale as per Benpos dated 20.07.2018	1,582	0	1,654,318	1.56
	Less: Sale as per Benpos dated 27.07.2018	1,412	0	1,652,906	1.56
	Less: Sale as per Benpos dated 03.08.2018	8,712	0	1,644,194	1.55
	Less: Sale as per Benpos dated 10.08.2018	85,082	0.08	1,559,112	1.47
	Less: Sale as per Benpos dated 17.08.2018	33,387	0.03	1,525,725	1.43
	Less: Sale as per Benpos dated 24.08.2018	62,599	0.06	1,463,126	1.37
	Less: Sale as per Benpos dated 31.08.2018	105,954	0.1	1,357,172	1.27
	Less: Sale as per Benpos dated 07.09.2018	16,000	0.01	1,341,172	1.26
	Less: Sale as per Benpos dated 22.02.2019	4,054	0	1,337,118	1.25
	Less: Sale as per Benpos dated 01.03.2019	6,050	0	1,331,068	1.25
	Less: Sale as per Benpos dated 08.03.2019	10,881	0.01	1,320,187	1.24
	Less: Sale as per Benpos dated 29.03.2019	3,578	0	1,316,609	1.24
	At the end of the year	1,316,609	1.24		
7	Akash Bhanshali				
	At the beginning of the year	0			
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	Add: Purchase as per Benpos dated 30.11.2018	771,410	0.72		
	Add: Purchase as per Benpos dated 15.03.2019	12,966	0.01	784,376	0.74
	Add: Purchase as per Benpos dated 22.03.2019	300,000	0.28	1,084,376	1.02
	At the end of the year	1,084,376	1.02		
8	SBI Magnum Taxgain Scheme				
	At the beginning of the year	930,974	0.88		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	Add: Purchase as per Benpos dated 10.08.2018	140,754	0.13	1,071,728	1.01
	At the end of the year	1,071,728	1.01		
9	Anukar Projects Private Limited				

ANNEXURE - 6 CONTD.

Sl. No.	Name	Shareholding at the beginning		Cumulative Shareholding during the Year	
		of the year No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	1,089,708	1.03		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	Add: Purchase as per Benpos dated 27.07.2018	700,000	0.65	1,789,708	1.68
	Add: Purchase as per Benpos dated 11.01.2019	100	0	1,789,808	1.68
	At the end of the year	1,789,808	1.68		
10	AADI Financial Advisors LLP				
	At the beginning of the year	0			
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	Add: Purchase as per Benpos dated 21.09.2018	750,000	0.7		
	Add: Purchase as per Benpos dated 26.10.2018	300,000	0.28	1,050,000	0.99
	At the end of the year	1,050,000	0.99		

v. Shareholding of Directors and Key Managerial Personnel

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Dr. C Satyanarayana				
	At the beginning of the year	16,781,704	15.83		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	Add: Purchase as per the disclosure on 25/05/2018 by Dr. Satyanarayana C	200,000	0.19	16,981,704	16.01
	Add: Purchase as per the disclosure on 28/05/2018 by Dr. Satyanarayana C	216,246	0.2	17,197,950	16.21
	Add: Purchase as per the disclosure on 29/05/2018 by Dr. Satyanarayana C	633,206	0.6	17,831,156	16.81
	Add: Purchase as per the disclosure on 04/06/2018 by Dr. Satyanarayana C	49,448	0.05	17,880,604	16.86
	Add: Purchase as per the disclosure on 06/06/2018 by Dr. Satyanarayana C	170,600	0.16	18,051,204	17.02
	Add: Purchase as per the disclosure on 28/06/2018 by Dr. Satyanarayana C	305,272	0.29	18,356,476	17.31
	Add: Purchase as per the disclosure on 30/06/2018 by Dr. Satyanarayana C	84,564	0.08	18,441,040	17.39
	Add: Purchase as per the disclosure on 04/07/2018 by Dr. Satyanarayana C	86	0	18,441,126	17.39
	Add: Purchase as per the disclosure on 08/08/2018 by Dr. Satyanarayana C	271,156	0.26	18,712,282	17.65
	Add: Purchase as per the disclosure on 10/08/2018 by Dr. Satyanarayana C	18,444	0.02	18,730,726	17.66
	Add: Purchase as per the disclosure on 10/08/2018 by Dr. Satyanarayana C	108,078	0.1	18,838,804	17.77
	Paid Up Capital Increased from 106029749 to 106436749 on 20/09/2018 due to ESOP Allotment				
	At the end of the year	18,838,804	17.7		
2	Mr. V V Ravi Kumar				
	At the beginning of the year	1,600,000	1.51		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /				

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	10,000	0.01	1,610,000	1.52
	Add: Purchase as per the disclosure on 28/05/2018 by Mr. VV Ravi Kumar				
	At the end of the year	1,610,000	1.52		
3	Dr. C V Lakshmana Rao				
	At the beginning of the year	2,300,000	2.17		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	Add: Purchase as per the disclosure on 26/11/2018 by Dr. CV Lakshman Rao	10,000	0.01	2,310,000	2.17
	Add: Purchase as per the disclosure on 26/11/2018 by Dr. CV Lakshman Rao	10,000	0.01	2,320,000	2.18
	Add: Purchase as per the disclosure on 14/12/2018 by Dr. CV Lakshman Rao	10,000	0.01	2,330,000	2.19
	Add: Purchase as per the disclosure on 29/12/2018 by Dr. CV Lakshman Rao	6,946	0	2,336,946	2.19
	Add: Purchase as per the disclosure on 16/02/2019 by Dr. CV Lakshman Rao	20,350	0.02	2,357,296	2.21
	At the end of the year	2,357,296	2.21		
4	Mr. G. Venkateswar Reddy				
	At the beginning of the year	2500	0		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	Add: ESOP Allotment on 20.09.2018	2000	0	4500	0
	At the end of the year	4500	0		

V. Indebtedness

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
In Millions				
Indebtedness at the beginning of the financial year				
i) Principal Amount	9,474.47			9,474.47
ii) Interest due but not paid	-			-
iii) Interest accrued but not due	26.55			26.55
Total (i+ii+iii)	9,501.02	-	-	9,501.02
Change in indebtedness during the financial year				
- Addition	2,091.54			2,091.54
- Reduction	-1,459.65			-1,459.65
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount	10,093.24			10,093.24
ii) Interest due but not paid	-			-
iii) Interest accrued but not due	39.67			39.67
Total (i+ii+iii)	10,132.91	-	-	10,132.91

ANNEXURE - 6 CONTD.

VI. Remuneration of directors and key managerial personnel

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

Sl. No.	Particulars of Remuneration*	Name of the Whole Time Directors				Total
		Dr.C Satyanarayana	Mr. V.V.Ravi Kumar	Mr. Chandrakanth Chereddi	Dr. Lakshmana Rao CV	
	Gross salary	₹	₹	₹	₹	₹
1	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	124,285,920	28,572,371	14,804,695	125,89,181	180,252,167
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	39,600	39,600	207,600	39,600	326,400
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961					
2	Stock Option					
3	Sweat Equity					
4	Commission - as % of profit - others, specify...					
5	Others, please specify					
	Total	124,325,520	28,611,971	15,012,295	12,628,781	180,578,567

* including Performance Bonus for the FY 2017-18 paid in FY 2018-19

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Dr.M.Venu	Ramesh	Aruna Rajendra	Rajesh Chandu	Dr.	Total
		Gopala Rao	Subrahmanian	Bhinge		Ravindranath K	
		₹	₹	₹	₹	₹	₹
1.	Independent Directors						
	● Fee for attending board committee meetings	5,50,000	6,50,000	6,00,000	5,00,000	2,50,000	25,50,000
	● Commission						-
	● Others, Directors Remuneration	20,00,000	30,00,000	20,00,000	27,90,231	20,00,000	1,17,90,231
	Total (1)	25,50,000	36,50,000	26,00,000	32,90,231	22,50,000	1,43,40,231
2.	Other Non-Executive Directors						-
	● Fee for attending board committee meetings						-
	● Commission						-
	● Others, please specify						-
	Total (2)	-	-	-	-	-	-
	Total (B)=(1+2)						-
	Total Managerial Remuneration						-
	Overall Ceiling as per the Act						-

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	
			Company Secretary
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		45,87,700
	(b) Value of perquisites u/s 17(2) Income-tax		32,400
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		
2.	Stock Option		8,49,560
3.	Sweat Equity		
	Commission		
4.	- as % of profit		
	- others, specify		
5.	Others		
6.	Total		54,69,660

VII. Penalties / Punishment / Compounding of offences:

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

ANNEXURE - 7

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

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

Sl. No.	Name & Designation	Ratio
1.	Dr.Satyanarayana, Whole-time Director & CEO	314
2.	Mr.VV Ravi Kumar, Whole-time Director & CFO	72
3.	Mr.Chandrakanth Chereddi, Whole-time Director	38
4.	Venkata Lakshmana Rao C	32
5.	Dr. Ravindranath K	6
6.	Mrs.Aruna Bhinge, Independent Director	7
7.	Dr.Rajesh Koshy Chandy, Independent Director	8
8.	Mr.Ramesh Subrahmanian, Independent Director	9
9.	Dr.M.Venu Gopala Rao	6

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

Sl. No.	Name & Designation	Increase in percentage
2	Dr.Satyanarayana, Whole-time Director & CEO	0%
4	Mr.VV Ravi Kumar, Whole-time Director & CFO	3%
5	Mr.Chandrakanth Chereddi, Whole-time Director (effective from August 9, 2016)	18%
11	Venkata Lakshmana Rao C	10%
6	Mrs.Aruna Bhinge, Independent Director	-4%
7	Dr.Rajesh Koshy Chandy, Independent Director	6%
8	Mr.Ramesh Subrahmanian, Independent Director	2%
9	Dr. Ravindranath K	16%
10	Dr.M.Venu Gopala Rao	16%
12	Mr.G.Venkateswar Reddy, Sr. General Manager (Legal & Secretarial) and Company Secretary	0%

3	The percentage increase in the median remuneration of employees in the financial year was	6%
4	The number of permanent employees on the rolls of the Company as on March 31, 2019 was	3,467
8	Average increment of other employees other than the managerial personnel	12.62%

Employee Worked for full Financial year & Received Aggregate Remuneration of not Less Than One Hundred And Two Lakh Rupees / Top Ten Employees (Including Employer Contribution to PF)

Sl. No.	Name of the Employee	Designation	Remuneration received (CTC in ₹) FY 2018-19	Nature Contract/ Permanent	Qualification & Experience in years	Date of commencement of employment	Age of employee	Last Employment held before joining the Company	No. of Equity shares held	Whether relative of Director
1	Satyarayana Chava	Executive Director & Chief Executive Officer	124,325,520	Permanent	Misc., Ph.D; 33	21-01-2006	58	Matrix Laboratories Ltd	18838804	Yes
2	Ravi Kumar Vantaram Venkata	Executive Director & Chief Financial Officer	28,611,971	Permanent	M.Com, FCMA; 30	30-11-2006	54	Matrix Laboratories Ltd	1610000	No
3	Uma Maheswer Rao Vasireddi	Executive Vice President	16,976,969	Permanent	M.sc., Ph.D; 27	09-06-2016	58	Sriam Labs Pvt Ltd	20394	No
4	Chandranth Ch	Executive Director	15,012,295	Permanent	M.Tech, MS, PGP; 10	10-02-2012	36	Mc Kinsey	0	Yes
5	Srinivasa Rao S	Executive Vice President	14,285,566	Permanent	M.Sc; 25	02-04-2008	51	Matrix Laboratories Ltd	58105	No
6	Sreenivasa Rao D	Vice President	12,035,776	Permanent	M.Sc; Ph.d; 28	04-05-2013	57	Viziphar Biosciences Pvt Ltd	43824	No
7	Venkata Lakshmana Rao C	Executive Director	12,628,781	Permanent	Misc., Ph.D; 31	07-02-2007	57	Mayne Pharma, Australia	2357296	No
8	Prafulla Kumar Nandi	Sr. Vice President	12,317,541	Permanent	Ph.D; 24	11-07-2016	50	Apotex India	9988	No
9	Narasimha Rao DVL	Vice president	11,289,460	Permanent	M.Sc; PGDEM; PGDCA; 15	04-09-2007	50	Matrix Laboratories Ltd	115393	No
10	Siva Kumar BVNS	Vice President	10,808,409	Permanent	M.Sc; 30	04-01-2016	58	Mylan Laboratories Ltd	11600	No

Remuneration includes the Performance Bonus for FY 2017-18 paid in FY 2018-19

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

Sl. No.	Name of the Employee	Designation	Remuneration received (CTC in ₹) FY 2018-19	Nature Contract/ Permanent	Qualification & Experience in years	Date of commencement of employment	Age of employee	Last Employment held before joining the Company	No. of Equity shares held	Whether relative of Director
1	Bhaskaraiiah. M	Senior Vice President	15,972,055	Permanent	B.Tech; 26	05-04-2007	53	Matrix Laboratories Ltd	106241	No

ANNEXURE - 8

Details of Employees Stock Option Scheme

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

The details of Stock Options as on March 31, 2019 under the Employees Stock Option Scheme-2011 of the Company are as under:

S.No. Particulars	Grant-1	Grant-2	Grant-3	Grant-4	Grant-5	Total
a Options granted						
Options granted initially	553,000	28,000	38,500	75,500	185,438	880,438*
Additional Options granted pursuant to Bonus issue	0	30,000	57,375	162,000	538,314	787,689
Total Options granted	553,000	58,000	95,875	237,500	723,752	1,668,127*
b Options vested	505,250	51,750	86,125	185,000	336,750	1,164,875
c Options exercised	505,250	51,750	86,125	185,000	336,750	1,164,875
d The total no. of shares arising as a result of exercise of options	505,250	51,750	86,125	185,000	336,750	1,164,875
e Options lapsed	47,750	6,250	9,750	52,500	70,002	186,252
f The Exercise Price (₹)	10	10	10	10	10	10
g Variations of terms of Options	Nil	Nil	Nil	Nil	Nil	Nil
h Money realized by exercise of options	5,052,500	517,500	861,250	1,850,000	3,367,500	11,648,750
i Total number of options in force	0	0	0	0	317,000	317,000

* including re-issue of lapsed options

j. Employee-wise details of options granted during the year 2018-19 to –

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

The details of Stock Options as on March 31, 2019 under the Employees Stock Option Scheme-2016 of the Company are as under:

S.No. Particulars	Grant-1	Grant-2	Total
a Options granted			
Options granted initially	178,438	537,150	715,588
Additional options granted pursuant to Bonus Issue	515,814	0	515,814
Total Options granted	694,252	537,150	1,231,402
b Options vested	160,750	0	160,750
c Options exercised	160,750	0	160,750
d The total no. of shares arising as a result of exercise of options	160,750	0	160,750
e Options lapsed	80,502	4,050	84,552
f The Exercise Price (₹)	137.50	292	
g Variations of terms of Options	Nil	Nil	Nil
h Money realized by exercise of options	22,103,125	0	22,103,125
i Total number of options in force	453,000	533,100	986,100

j. Employee-wise details of options granted during the year 2018-19 to –

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

ANNEXURE - 9

Conservation of Energy, Technology Absorption, Adaptation and Innovation

(A) Conservation of energy:

(i)	The steps taken or impact on conservation of energy	Various initiatives such as installation of VFDs, replacement of energy inefficient equipment, usage of energy efficient agitators (turbofoil) and moving detectors were undertaken. With these initiatives ~6.3 lac units of power consumption was saved.
(ii)	The steps taken by the Company for utilizing alternate sources of energy	Company has signed long term solar contracts to utilize solar energy.
(iii)	The capital investment on energy conservation equipment	No significant capital investments on energy conservation equipment during the year.

(B) Technology Absorption:

(i)	The efforts made towards technology absorption	No major technology absorption form external sources during the year however there have been various internal technologies developed and used.
(ii)	The benefits derived like product improvement, cost reduction, product development or import substitution	Various innovations had led to increase in productivity and reduction of quality failures.
(iii)	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	No import of technology
(a)	The details of technology imported	-
(b)	The year of import	-
(c)	Whether the technology has been absorbed	-
(d)	If not fully absorbed, areas where absorption has not taken place, and the reasons thereof;	-
(iv)	The expenditure incurred on Research and Development	₹ 248 Mn (Capex) and Rs. 1,411 Mn (Opex), Total Rs. 1,659 Mn

(C) Foreign Exchange Earnings and Outgo:

Total Forex Inflow Rs. 11,561 Mn
Total Forex Outflow Rs. 7,860 Mn

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY:

Laurus Labs works towards improving health outcomes for patients around the world through the manufacture of high-quality medicines and active pharmaceutical ingredients. Our Corporate Governance policies and procedures set the standard for how we engage with our stakeholders. We prioritize the long-term over the short-term to drive sustainable growth and create lasting value. With empowerment and accountability as its two pillars, our Corporate Governance code guides all our actions. We aim for total transparency and meet our societal commitments by being a responsible corporate citizen.

2. BOARD AND ITS COMPOSITION:

Your Board comprises optimal combination of Independent as well as Non-executive Directors having in-depth knowledge of the business of the industry. The Chairman, who is a Non-Executive and Independent Director and the Chief Executive Officer (CEO) of the Company have their own roles for better Corporate Governance Standards. The size and composition of the Board conforms to the requirements of the Corporate Governance code under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the brief profiles' of the Directors' are placed in the Company's website <http://lauruslabs.com/corporate-governance>.

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

Sl No.	Name of the Director & DIN	Category of Directorship	Attendance at Board Meetings		No of Directorship in listed entities including this listed entity (Refer Regulation 25(1) of Listing Regulations)	Number of memberships / chairmanship in Audit / Stakeholder Committee(s) including this listed entity (Refer Regulation 26(1) of Listing Regulations)		Whether present at the previous AGM
			Held	Attended		Chairman	Member	
1.	Dr. Malempati Venugopala Rao DIN: 00012704	Chairman, Non-Executive and Independent Director	7	7	2	2	4	Yes
2.	Dr. Chava Satyanarayana DIN: 00211921	Promoter, Executive Director and Chief Executive Officer	7	7	1	0	0	Yes
3.	Mr. Venkata Ravi Kumar Vantaram DIN: 01424180	Promoter, Executive Director and Chief Financial Officer	7	7	1	0	1	Yes
4.	Dr. Chunduru Venkata Lakshmana Rao DIN: 06885453	Promoter and Executive Director	7	7	1	0	0	Yes
5.	Mr. Chereddi Chandrakanth DIN: 06838798	Executive Director	7	7	1	0	1	Yes
6.	Mr. Narendra Ostawal DIN: 06530414	Non-Executive and Nominee Director*	7	7	2	1	4	No
7.	Mrs. Aruna Rajendra Bhinge DIN: 07474950	Non-Executive and Independent Director	7	7	2	0	2	No
8.	Dr. Rajesh Koshy Chandy DIN: 07575240	Non-Executive and Independent Director	7	6	1	0	0	No
9.	Mr. Ramesh Subrahmanian DIN: 02933019	Non-Executive and Independent Director	7	7	1	1	1	Yes
10.	Dr. Ravindranath Kancherla DIN: 00117940	Non-Executive and Independent Director	7	5	1	0	1	No

*Mr.Narendra Ostawal is a Non-Executive and Nominee Director appointed by Bluewater Investments Ltd., a shareholder in the Company holding 19.72% of equity shares in the Company.

The Board met seven times in Financial Year 2018-19. The following are the dates in which the Board Meetings were held:

May 10, 2018; August 03, 2018; September 24, 2018; November 01, 2018; January 31, 2019; February 11, 2019; and March 06, 2019

The names of the listed entities where the person is a director and the category of directorship:

Other than on the Board of the Company, which is a listed entity, the following Directors are holding directorship in other listed entities as shown below:

Dr.M Venu Gopala Rao, Navabharat Ventures Limited as independent director (ceased to exist as Director effective 1st April 2019)

Mr. Narendra Ostawal – AU Small Finance Bank Ltd. as Nominee Director

Mrs. Aruna Bhinge – Punjab Chemicals and Crop Protection Ltd. as Independent Director

Other than the above, all other directors are not directors on any other listed entity.

Disclosure of relationships between directors inter-se:

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

Number of shares held by non-executive directors:

Except Mrs. Aruna Rajendra Bhinge, who is holding 1,500 equity shares as on March 31, 2019, none of the Non-Executive Directors are holding any shares or convertible Instruments in the Company.

Details about familiarization programme:

During the year, no new Director was inducted on the board.

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

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

http://lauruslabs.com/Investors/PDF/Policies/Familiarization_Programmes_for_Independent_Directors.pdf

List of core skills / expertise / competencies identified by the board as required in the context of its business(es) and sector(s) for an efficient functioning and those actually available with the Board:

- Hands on Pharma industry experience in sourcing, manufacturing, marketing and business development
- Accounting, Financial, Budget, Costing expertise
- Legal and HR expertise
- Experience in Quality
- Expertise in Corporate Governance
- Formulation of effective strategy

The Board members possess the following core skills / expertise / competencies:

Dr.MVG Rao – a,b,e and f of above

Dr.Satyanarayana Chava – a, d, e and f of above

Mr.V.V.Ravi Kumar – b, c, e and f of above

Mr.Chandrakanth – a, e and f of above

Dr.Ch.V.Lakshmana Rao – d, e and f of above

Mr.Narendra Ostawal – b, c, e and f of above

Dr.Rajesh Chandy – a and e of above

Mrs.Aruna Bhinge – a, b, e and f of above

Mr.Ramesh Subrahmanian – a, b, e and f of above

Dr.Ravindranath K – a, e and f of above

Confirmation about Independent Directors:

This is to confirm that in the opinion of the board, the independent directors fulfil the conditions specified in SEBI (LODR) Regulations, 2015 and are independent of the management.

As required by SEBI (LODR) Regulations, 2015, a certificate from Company Secretary in Practice that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority, is attached to this Report as **Annexure-A**.

Further, Annual Secretarial Compliance Report issued by the Company Secretary in Practice pursuant to Circular dated February 08, 2019 issued by SEBI is also attached to this Report as **Annexure-B**.

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

Mr. Chandrakanth Cherreddi and Dr.Chunduru Venkata Lakshmana Rao shall retire by rotation and being eligible, seek re-appointment.

The details of these directors are as follows:

Dr. C V Lakshmana Rao

Dr. C V Lakshmana Rao is one of the Promoters of the Company. He has been associated with the Company for more than a decade and heads Quality function. He holds a Master's degree in Science and a Ph.D. from Andhra University. Dr. C.V. Lakshmana Rao has over 25 years of experience in quality control, quality assurance and regulatory affairs. He has been involved in formulating and executing the core strategy of our Company. Prior to joining the Company in February 2007, he was associated with Mayne Health Pty Ltd., Australia.

REPORT ON CORPORATE GOVERNANCE CONTD.

Directorships in other Companies:

Sl. No.	Name of the Companies/Bodies Corporate / Firms / Association of Individuals	Nature of Interest or Concern / change in Interest or Concern	Date on which interest or Concern arose / changed
1.	Laurus Labs Limited	Executive Director	March 08, 2018
2.	Sriam Labs Private Limited	Director	July 25, 2014

Committee Membership Details: NIL

Dr.Lakshmana Rao is not related to any other director of the Company. Dr.Lakshmana Rao is holding 23,57,296 equity shares in the Company.

Mr. Chandrakanth Chereddi

Mr. Chereddi is an Executive Director of the Company since August 9, 2016, and has been associated with Laurus Labs since February 10, 2012. He has over nine years of experience in project management. Before Laurus Labs, he worked with McKinsey & Company as a healthcare practice member in India. He holds a bachelor's degree in Engineering (Computer Science and Engineering) from Osmania University and a master's degree in Science in Electrical and Computer Engineering from University of Illinois. He has also completed the post-graduate program in Management from Indian School of Business, Hyderabad.

Sl. No.	Name of the Companies/bodies corporate/firms/association of individuals	Nature of interest or concern/ Change in interest or concern	Date on which interest or concern arose/changed
1.	Laurus Labs Limited CIN:L24239AP2005PLC047518	Director	09/08/2016
2.	Laurus Infosystems (India) Private Limited CIN:U72300TG2014PTC092281	Director	01/09/2015
3.	Atchutapuram Effluent Treatment Limited CIN:U41000AP2016PLC103829	Director	22/12/2017
4.	Laurus Synthesis Inc., (USA Company)	Director	12/09/2014
5.	Laurus Generics Inc., (USA Company)	Director	07/08/2017
6.	Laurus Generics GmbH, (Germany Company)	Managing Director	06/04/2018
7.	Harmony Ventures	Partner	11/09/2015

Sl. No.	Name of the Company	Name of the Committee	Whether Chairman/Member
1.	Laurus Labs Limited CIN: L24239AP2005PLC047518	Stakeholders' Relationship Committee	Member
2.	Laurus Labs Limited CIN: L24239AP2005PLC047518	Risk Management Committee	Member

Mr.Chandrakanth is a Son-in-Law to Dr.Satyanarayana Chava, CEO & Wholetime Director of the Company. Mr.Chandrakanth is not holding any equity shares in the Company.

3. COMMITTEES OF THE BOARD:

(i). Audit Committee

The Audit Committee of the Board is headed under the stewardship of Mr. Ramesh Subrahmanian. The other members of the Committee are Mrs. Aruna Rajendra Bhinge, Dr. M. Venu Gopala Rao and Mr. Narendra Ostawal. The Composition of the Audit Committee meets the requirement of Section 177 of the Companies Act, 2013 read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Audit Committee reviews reports of the Internal Auditors, meets Statutory Auditors as and when required and discusses their findings, suggestions, observations and other related matters. It also reviews major accounting policies followed by the Company. The terms of reference of this Committee are as per SEBI (LODR) Regulations, 2015, as amended.

During the year, the Audit Committee met 4 (Four) times and the attendance of members is as follows:

SI No.	Name of the Audit Committee Member	No. of Meetings held	No. of Meetings attended
1.	Mr. Ramesh Subrahmanian, Independent Director DIN: 02933019	4	4
2.	Mrs. Aruna Rajendra Bhinge, Independent Director DIN: 07474950	4	4
3.	Dr. Malempati Venugopala Rao, Chairman & Independent Director DIN: 00012704	4	4
4.	Mr. Narendra Ostawal, Non-Executive Nominee Director DIN: 06530414	4	3

Dr.M.Venu Gopala Rao has been appointed as Chairman of the Audit Committee with effect from 2nd May 2019. However, Mr.Ramesh Subrahmanian will continue to be the member on the Audit Committee.

(ii). Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Board is headed by Mr. Ramesh Subrahmanian. The other members of the Committee are Dr. Rajesh Koshy Chandy and Mr. Narendra Ostawal. The Nominations & Remuneration Committee has approved performance evaluation criteria for Board and its Committees and Directors including Independent Directors as per SEBI Circular dated January 5, 2017.

During the year, apart from one circular resolution passed, the Nomination and Remuneration Committee met 2 (Two) times and the attendance of members is as follows:

SI No.	Name of the Committee Member	No. of Meetings held	No. of Meetings attended
1.	Mr. Ramesh Subrahmanian, Independent Director DIN: 02933019	2	2
2.	Mr. Narendra Ostawal, Non-Executive Nominee Director DIN: 06530414	2	--
3.	Mr. Rajesh Koshy Chandy, Independent Director DIN: 07575240	2	2

Stakeholders' Relationship Committee:

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

Mr.G.Venkateswar Reddy, Company Secretary is the Compliance Officer of the Company.

The Company has received 6 complaints during the year 2018-19; resolved 6 complaints and no complaints were pending as on March 31, 2019.

CSR Committee:

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

Risk Management Committee:

The Risk Management is headed by Dr.Satyanaraya Chava, CEO of the Company and the following are the other members:

Mr.V.V.Ravi Kumar
Mr.Chandrakanth Chereddi
Mr.Narendra Ostawal
Dr.Rajesh Chandy

REPORT ON CORPORATE GOVERNANCE CONTD.

Remuneration to Directors:

Details of remuneration paid to Directors during the financial year 2018-19 are as follows:

a. Executive Directors:

Sl. No.	Name	Salary*/₹	Perks/₹	Others	Total/₹
1.	Dr.C.Satyanarayana	12,42,85,920	39,600	-	12,43,25,520
2.	Mr. V.V.Ravi Kumar	2,85,72,371	39,600	-	2,86,11,971
3.	Mr.Ch.Chandranth	1,48,04,695	2,07,600	-	1,50,12,295
4.	Dr. Lakshmana Rao C V	1,25,89,181	39,600	-	1,26,28,781

*including performance bonus paid for the FY 2017-18

The Executive Directors are entitled for a Performance Incentive based on the achievement of not less than 75% budgeted EBITDA for the Financial Year.

b. Non-Executive Directors:

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

Sl. No.	Name of the Director	Remuneration/₹	Sitting Fee/₹
1.	Dr. Malempati Venugopala Rao	20,00,000	550,000
2.	Mrs. Aruna Rajendra Bhinge	20,00,000	600,000
3.	Dr. Rajesh Koshy Chandy	27,90,213	500,000
4.	Mr. Ramesh Subrahmanian	30,00,000	650,000
5.	Dr. Ravindranath Kanherla	20,00,000	250,000

Service Contracts, Severance Fee : Nil

Notice Period for Executive Directors : 3 months

Stock Options details, if any : Nil

Nomination/Remuneration Policy:

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

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

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

Performance evaluation criteria for independent directors:

The performance evaluation is done on an annual basis by the Board of Directors of the Company.

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

Independent Directors Meeting:

Schedule IV of the Companies Act, 2013 and the Rule thereunder mandate that the independent directors of the Company hold at least one meeting in a year, without the attendance of non-independent directors and

members of the Management. It is recommended that all the independent directors of the Company be present at such meetings.

Independent Directors meeting was held on 06th March, 2019 and all the Independent Directors attended the meeting.

Disclosure of Board Evaluation:

The Performance Evaluation has been carried out for:

- The board as a whole,
- Individual directors (including Independent Directors and chairperson) and
- Various committees of the board.

and the brief summary of the evaluation is as under:

Previous year's observations and actions taken:

- Board has good mix of backgrounds, expertise and perspective.
- The meetings are at commendable regularity and frequency and good attendance in meetings.
- There is high level of transparency and professionalism in the Board interactions.

4. The Board may engage more in Company's strategy.
5. Recommendations/suggestions
- a. Board to discuss on Company's long term strategy
- b. Board materials to be provided 48 hours before the scheduled meeting time.
- c. Board presentation shall shorter and more distilled
- d. sharing of Investor presentations and transcripts
- The Company implemented all the recommendations/suggestions by the board.

Shareholders

Annual General Meetings (AGM's):

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

(i). Financial Year	2015-16
Date	09th June, 2016 – 11.00 AM
Venue	Plot No. 21, Jawaharlal Nehru Pharma City, Parawada, Visakhapatnam – 531021, A.P.
Special Resolutions	<ol style="list-style-type: none"> 1. Creation of mortgages and/or charges on all or any of the assets and properties, immovable and movable, both present and future, including the undertaking of the Company over the aggregate of the paid-up capital and free reserves of Company up to ₹2,000 crores. 2. Borrowing of any sum or sums of money from time to time at their discretion, for the purpose of the business of the Company, may exceed at any time, the aggregate of the paid-up capital of the Company and its free reserves by a sum not exceeding ₹2,000 crores. 3. Approval of Employee Stock Option Scheme 2016
(ii). Financial Year	2016-17
Date	12th July, 2017 – 10.30 AM
Venue	Oyster Hall, Waltair Club, Opposite Government Circuit House, Siripuram, Visakhapatnam – 530003.
Special Resolutions	<ol style="list-style-type: none"> 1. Bluewater Investment Ltd. will have right to appoint one nominee director until they hold 15% of the fully diluted share capital of the Company. 2. To alter the Articles of Association of the Company. 3. To create charge on the immovable properties of the Company in favour of lenders u/s. 180(1)(a) of the Companies Act 2013. 4. To borrow any sum or sums of money from time to time not exceeding ₹2,000 crores u/s.180(1)(c) of the Companies Act, 2013. 5. To ratify the ESOP Scheme 2011 post-IPO under Regulation 12 of SEBI (SBEB) Regulations, 2014. 6. To ratify the ESOP Scheme 2016 post-IPO under Regulation 12 of SEBI (SBEB) Regulations, 2014.
(iii). Financial Year	2017-18
Date	05th July, 2018 – 03.00 PM
Venue	Oyster Hall, Waltair Club, Opposite Government Circuit House, Siripuram, Visakhapatnam – 530003.
Special Resolutions	<p>Laurus Employees Stock Option Scheme 2018</p> <p>Appointment of Mr. M. Venu Gopala Rao as non-executive independent director of the company</p>

Whether any special resolution passed last year through postal ballot – No

Details of Voting Pattern – Not applicable

Person who conducted Postal Ballot – Not applicable

Whether any special resolution is proposed to be conducted through postal ballot – No

Procedure for Postal Ballot: As per Rule 22 of Companies (Management and Administration) Rules, 2014

Means of Communication:

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

Earnings calls with analysts and investors and their transcripts are also posted on the website.

Further, all material information which has any impact on the operations of the Company is sent to the Stock Exchanges and also the same shall be placed on the Company's website.

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

General Shareholder Information:

The 14th Annual General Meeting of the Company will be held at Oyster Hall, Waltair Club, Opposite Government Circuit House, Siripuram, Visakhapatnam – 530 003, Andhra Pradesh at 3 p.m. on Thursday the 11th day of July, 2019.

REPORT ON CORPORATE GOVERNANCE CONTD.

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

The Board of Directors have recommended a dividend of 15% (i.e. ₹1.50 per share) to the Shareholders. The dividend, if approved and declared by the Shareholders, shall be paid / credited on or after 15th July 2019 to all the shareholders of the Company who are in the Register of Members of the Company as on the date of Book Closure. Book closure for the purpose of AGM and Dividend will be from July 5, 2019 to July 11, 2019 (both days inclusive). Cut-off date for e-voting is July 5, 2019.

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

- (i). BSE Limited, Phiroze Jeejeebhoy Towers, 25th Floor, Dalal Street, Mumbai-400001; and
- (ii). National Stock Exchange of India Limited (NSE), Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai – 400051.

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

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

Depositories for Equity Shares:

- (i). National Securities Depository Limited (NSDL) and
- (ii). Central Depository Services Limited (CDSL).

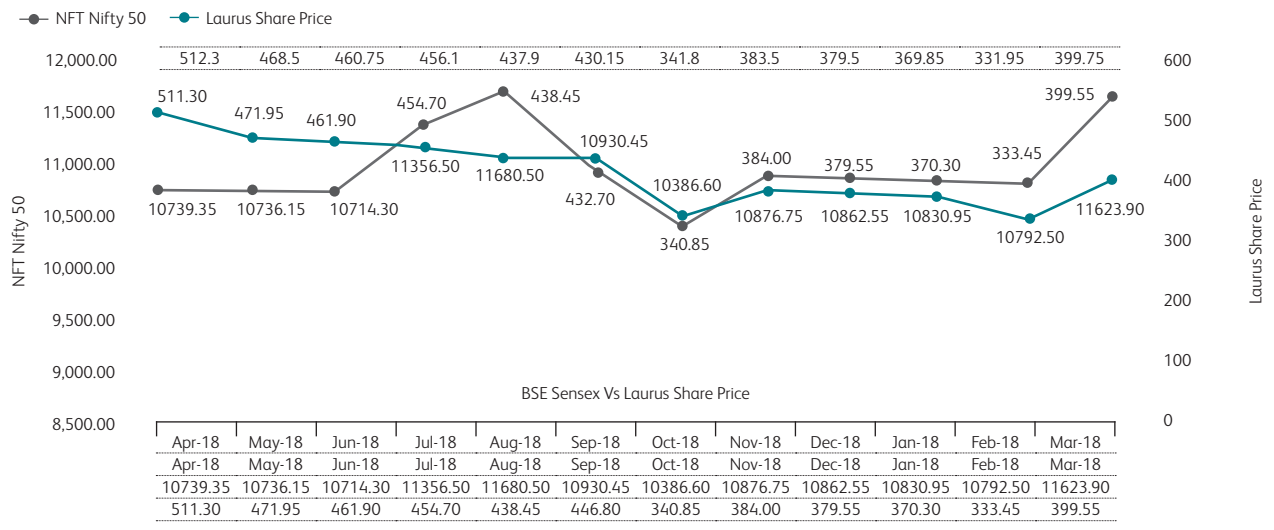
Market Price data:

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

Month	NSE				Nifty 50		
	High/₹	Low/₹	Close/₹	Volume	High/₹	Low/₹	Close/₹
Apr-18	520.00	496.90	511.30	1869829	10759.00	10111.30	10739.35
May-18	519.80	437.05	471.95	1857494	10929.20	10417.80	10736.15
Jun-18	509.90	448.60	461.90	1657761	10893.25	10550.90	10714.30
Jul-18	503.10	440.20	454.70	381886	11366.00	10604.65	11356.50
Aug-18	472.00	427.00	438.45	3965246	11760.20	11234.95	11680.50
Sep-18	446.80	414.80	432.70	1538678	11751.80	10850.30	10930.45
Oct-18	435.00	330.30	340.85	1704822	11035.65	10004.55	10386.60
Nov-18	404.35	343.10	384.00	724729	10922.45	10341.90	10876.75
Dec-18	400.00	365.00	379.55	252820	10985.15	10333.85	10862.55
Jan-19	387.00	350.20	370.30	719257	10987.45	10583.65	10830.95
Feb-19	372.55	321.35	333.45	421038	11118.10	10585.65	10792.50
Mar-19	412.05	332.20	399.55	7090920	11630.35	10817.00	11623.90

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

NSE NIFTY 50 VS LAURUS SHARE PRICE



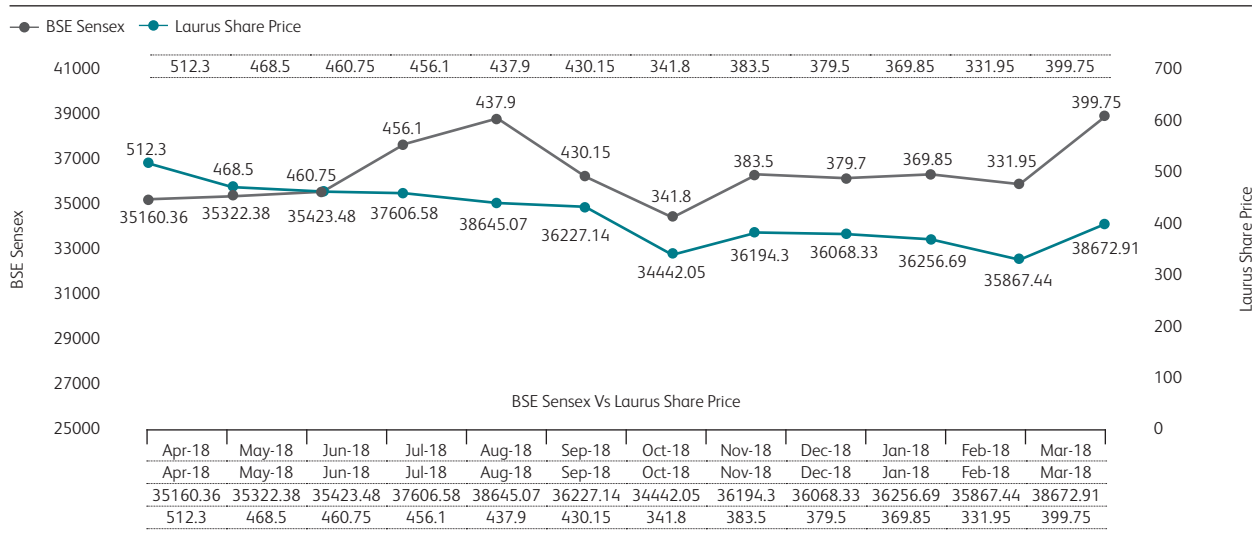
High, low market price during each month in the financial year and volume of shares traded on BSE:

Month	BSE				S&P BSE Sensex		
	High/₹	Low/₹	Close/₹	Volume	High/₹	Low/₹	Close/₹
Apr-18	520.00	496.10	512.30	2674747	35213.30	32972.56	35160.36
May-18	516.25	439.25	468.50	152352	35993.53	34302.89	35322.38
Jun-18	515.00	445.10	460.75	87160	35877.41	34784.68	35423.48
Jul-18	503.00	440.00	456.10	55990	37644.59	35106.57	37606.58
Aug-18	472.95	425.00	437.90	146604	38989.65	37128.99	38645.07
Sep-18	448.00	415.90	430.15	476856	38934.35	35985.63	36227.14
Oct-18	435.00	330.30	341.80	855795	36616.64	33291.58	34442.05
Nov-18	403.90	344.00	383.50	68369	36389.22	34303.38	36194.30
Dec-18	398.40	369.65	379.70	197331	36554.99	34426.29	36068.33
Jan-19	399.90	354.00	369.85	372067	36701.03	35375.51	36256.69
Feb-19	371.00	324.00	331.95	593792	37172.18	35287.16	35867.44
Mar-19	412.00	336.00	399.75	10107329	38748.54	35926.94	38672.91

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

REPORT ON CORPORATE GOVERNANCE CONTD.

BSE Sensex Vs Laurus Share Price



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

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

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

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

Distribution of Shareholding as on March 31, 2019:

Category (No. of Shares)	No. of Share Holders	%	No. of Shares	%
1	44733	95.61	2514197	2.36
501	816	1.74	657117	0.62
1001	483	1.03	747140	0.70
2001	180	0.38	457068	0.43
3001	104	0.22	375953	0.35
4001	75	0.16	344614	0.32
5001	145	0.31	1016525	0.96
10001 and above	250	0.53	100324135	94.26
Total	46786	100.00	106436749	100.00

Details of Shareholding in physical mode and electronic mode as on 31.03.2019:

Sl. No.	Description	% of Shareholders	No. of Shares	% of Equity
1.	Physical	0.01	22,007	0.02
2.	NSDL	57.71	101,651,182	95.50
3.	CDSL	42.28	4,763,560	4.48
	Total	100.00	106,436,749	100.00

Dematerialization of shares and liquidity:

106,414,742 shares representing 99.98% shares have been in dematerialization form while 22,007 shares representing 0.02% in physical form.

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

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

Location of Plants:

Unit 1

Plot No: 21, Jawaharlal Nehru Pharma City, Parawada, Visakhapatnam 531021, Andhra Pradesh, India.

Unit 2

Plot No: 19, 20, 21; APSEZ, Gurajapalem, Atchutapuram, Visakhapatnam 531011, Andhra Pradesh, India.

Unit 3

Plot No: 18, Jawaharlal Nehru Pharma City, Parawada, Visakhapatnam 531021, Andhra Pradesh, India.

Unit 4

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

Unit 5

Plot No: 102 & 103, SEZ, Lemarathi, Parwada, Visakhapatnam 531021, Andhra Pradesh, India.

Unit 6

Plot No: 22D & 22E, APSEZ De-Notified Area, Atchutapuram, Visakhapatnam 531011, Andhra Pradesh, India.

Research & Development Centre

Plot No. DS1 & DS2, IKP Knowledge Park, Turkapally, Shameerpet, Hyderabad 500078, Telangana, India.

Address for correspondence:

Registered Office: Plot No.21, Jawaharlal Nehru Pharma City, Parawada, Visakhapatnam 531021, Andhra Pradesh, India.

Corporate Office: 2nd Floor, Serene Chambers, Road No.7, Banjara Hills, Hyderabad 500034, Telangana, India.

Disclosures pertaining to credit rating:

Following are the Credit ratings obtained during the financial year, which are also available in the website of the Company <http://lauruslabs.com/>:

Rating Agency	Facilities Rated	Amount Rated	Rating Assigned	Date of Rating
CARE Ratings Limited	Long term Bank Facilities	₹1,089.01 Crores	CARE AA-	06th July, 2018
CARE Ratings Limited	Short Term Bank Facilities	₹313.20 Crores	CARE A1+	06th July, 2018
CARE Ratings Limited	Short Term Commercial Paper	₹200 Crores (carved out of sanctioned working capital limits of the company)	CARE A1+	06th July, 2018
India Ratings & Research Private Limited	Short Term Commercial Paper	₹100 Crores (carved out of fund based working capital limits of the company)	IND A1+	30th August, 2018

Other Disclosures:

Related Party transactions:

No transaction of material nature has been entered into by the Company with its Directors/Management and their relatives etc. that may have a potential conflict with the interest of the Company. The Register of Contracts containing transactions, in which Directors are interested, is placed before the Board regularly.

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

In terms of SEBI (LODR) Regulations 2015, the Audit Committee and Board of Directors of the Company have adopted a policy to determine the related party transactions. The policy is placed on the Company's website at

http://lauruslabs.com/Investors/PDF/Policies/Related_Party_Transactions_Policy.pdf

Details of Non-compliances and penalties:

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

Vigil mechanism:

The Board of Directors of the Company had adopted the Whistle Blower policy. The Company has established a mechanism for employees and Directors to report to the management, concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of conduct etc. The employees have been appropriately communicated within the organization about the mechanism and have been provided direct access to the Chairman of the Audit Committee. The mechanism also lays emphasis on making enquiry into whistle blower complaint received by the Company. The Audit Committee reviews periodically the functioning of the whistle blower

REPORT ON CORPORATE GOVERNANCE CONTD.

mechanism. No employee has been denied access to the Audit Committee. A copy of the Whistle Blower Policy is hosted on the Company's website at

http://lauruslabs.com/Investors/PDF/Policies/Whistle_Blower_Policy__1.pdf

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

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

Policy on material subsidiaries:

In terms of the SEBI (LODR) Regulations, 2015, the Board of Directors of the Company has adopted a policy with regard to determination of material subsidiaries. The policy is placed on the Company's website at

<http://lauruslabs.com/Investors/PDF/Policies/PolicyOnMaterialityOfSubsidiaries.pdf>

Disclosures pertaining to Commodity risk:

The Company has framed a policy on Forex Risk Management Policy for managing the risks faced and hedging activities.

The risk management activities during the year, including their commodity hedging positions and the risks faced and managed: The Company has not undertaken any commodity hedging positions and therefore no risk exists.

Details of utilization funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32(7A) : The Company has not raised any funds through preferential allotment or qualified institutions placement during the current financial year and hence not applicable.

The Board had accepted recommendations of various committees of the board which were mandatorily required in the relevant financial year.

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

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

The details of total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part, for the FY 2018-19 is as follows:

Type of Service	₹ in million)	
	2018-19	2017-18
Audit fee	4.20	4.20
Tax audit fee	0.50	0.50
Limited review	3.00	3.00
Others	2.68	4.07
Total	10.38	11.77

Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

- number of complaints filed during the financial year - Nil
- number of complaints disposed of during the financial year - Nil
- number of complaints pending as on end of the financial year - Nil

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

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

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

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

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

Code of Conduct:

In compliance with Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and the Companies Act, 2013, the Company has framed and adopted a Code of Conduct policy. The Code is applicable to the members of the Board, the executive officers and all employees of the Company and its subsidiaries. The Code is available on our website

http://lauruslabs.com/Investors/PDF/Policies/Code_of_Conduct_Policy.pdf

All members of the Board, the executive officers and senior financial officers have affirmed compliance to the Code as on March 31, 2019.

Prevention of Insider Trading:

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

<http://lauruslabs.com/Investors/PDF/Policies/CodeForProhibitionOfInsiderTrading.pdf>

CEO and CFO Certification:

As required by SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the CEO & CFO certification is provided in this Annual report as **Annexure-C**.

Auditors' Certificate on Corporate Governance

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

Declaration

I, Satyanarayana Chava, Chief Executive Officer, hereby declare that as provided under SEBI (LODR) Regulations, 2015, the Board Members and the senior management personnel have confirmed compliance with the Code of Conduct for the year ended March 31, 2019.

For Laurus Labs Limited

Dr. Satyanarayana Chava
Chief Executive Officer

Place: Hyderabad
Date: May 02, 2019

ANNEXURE - A

CERTIFICATE

(Pursuant to Regulation 34(3) read with Schedule V of Securities and Exchange Board of India
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

Date: 26th April, 2019

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

We have examined and verified the books, papers, minute books, forms and returns filed and other records maintained by M/s. **Laurus Labs Limited** (hereinafter referred to as the “**Company**”) having its registered office at Plot No.21, Jawaharlal Nehru Pharma City, Parawada, Visakhapatnam, Andhra Pradesh – 531021 and the information provided by the Company and its directors and also based on the information available at the websites of Ministry of Corporate Affairs (i.e. www.mca.gov.in) and Securities and Exchange Board of India (i.e. www.sebi.gov.in), we hereby certify that as on the date of this certificate, none of the directors on the board of the Company have been debarred or disqualified from being appointed or continuing as directors of Company by Securities and Exchange Board of India /Ministry of Corporate Affairs or any such statutory authority.

For **RPR & ASSOCIATES**
Company Secretaries

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

ANNEXURE - B

ANNUAL SECRETARIAL COMPLIANCE REPORT

Annual Secretarial Compliance Report of
M/s. Laurus Labs Limited for the year ended 31.03.2019
(Pursuant to circular dated 8th February, 2019 issued by SEBI)

We, M/s. RPR and Associates, Company Secretaries, Hyderabad, have examined:

- (a) all the documents and records made available to us and explanation provided by M/s. Laurus Labs Limited (CIN:L24239AP2005PLC047518) having its registered office at Plot No.21, Jawaharlal Nehru Pharma City, Parawada, Visakhapatnam, Andhra Pradesh – 531021, (“the listed entity”);
- (b) the filings/ submissions made by the listed entity to the stock exchanges;
- (c) website of the listed entity; and
- (d) any other document/ filing, as may be relevant, which has been relied upon to make this certification/report,

for the year ended 31st March, 2019 (“Review Period”) in respect of compliance with the provisions of :

- (a) the Securities and Exchange Board of India Act, 1992 (“SEBI Act”) and the Regulations, circulars, guidelines issued thereunder; and
- (b) the Securities Contracts (Regulation) Act, 1956 (“SCRA”), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India (“SEBI”);

The specific Regulations, whose provisions and the circulars/guidelines issued thereunder, have been examined, include:-

- (a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:

Sl. No	Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Deviations	Observations/Remarks of the Practicing Company Secretary
1	As per Regulation 43A of SEBI (LODR), Regulations, 2015, the top five hundred listed entities based on market capitalization (calculated as on March 31 of every financial year) shall formulate a dividend distribution policy which shall be disclosed in their annual reports and on their websites.	The Company has formulated the dividend policy and disclosed at the website of the Company. However, the same is not disclosed in the annual report for the year 2017-18.	The Company is disclosing the dividend distribution policy in its annual report for the year 2018-19.

- (b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from our examination of those records;

- (c) During the Review Period, no actions has been taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder.

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- (e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013;
- (h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- and circulars/ guidelines issued thereunder;

and based on the above examination, we hereby report that, during the Review Period:

For **RPR & ASSOCIATES**
Company Secretaries

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

Place: Hyderabad
Date: April 26, 2019

ANNEXURE - C

CEO & CFO DECLARATION

Date: 26th April, 2019

To
The Board of Directors
Laurus Labs Limited

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

- A. We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2019 and that to the best of our knowledge and belief:
- (1). These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (2). These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- B. To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March 2019 are fraudulent, illegal or violative of the Company's Code of Conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- D. (1). There has not been any significant changes in internal control over financial reporting during the year;
- (2). There has not been any significant changes in accounting policies during the year requiring disclosure in the notes to the financial statements; and
- (3). We are not aware of any instances during the year of significant fraud with involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Thanking you,
For Laurus Labs Limited

Sd/-
Dr. C. Satyanarayana
Chief Executive Officer

For Laurus Labs Limited

Sd/-
Mr. V. V. Ravi Kumar
Chief Financial Officer

ANNEXURE - D

CERTIFICATE ON CORPORATE GOVERNANCE

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

We have examined the compliance conditions of Corporate Governance by M/s. Laurus Labs Limited for the financial year ended 31st March, 2019, as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [“SEBI (LODR) Regulations, 2015”] and the Uniform Listing Agreement entered between the Company & Stock Exchanges.

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

In our opinion and to the best of our knowledge and according to the explanations given to us, we certify that the Company has complied with the conditions of applicable Corporate Governance as stipulated in the above mentioned SEBI (LODR) Regulations, 2015 and the Uniform Listing Agreement.

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

For **RPR & ASSOCIATES**
Company Secretaries

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

Place: Hyderabad
Date: April 26, 2019

AUDITOR CERTIFICATE ON ESOP SCHEME

UDIN: 19201193AAAAAS7134
Ref: GB/036/2019
The Board of Directors
Laurus Labs Limited
2nd Floor, Serene Chambers,
Road Number 7, Banjara Hills,
Hyderabad – 500 034
Telangana, India.

INDEPENDENT AUDITORS' CERTIFICATE

1. This certificate is issued in accordance with the terms of our engagement letter dated July 31, 2018.
2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, (Firm's Registration No: 117366W / W - 100018), the Statutory Auditors of Laurus Labs Limited, ("the Company") having its registered office at Plot No.21, Jawaharlal Nehru Pharma City, Parawada, Visakhapatnam-531021, have examined the implementation of Employee Stock Option Scheme 2011 ("ESOP 2011"), Employee Stock Option Scheme 2016 ("ESOP 2016") and Employee Stock Option Scheme 2018 ("ESOP 2018"), of the Company for the year ended March 31, 2019 as stipulated under Regulation 13 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI Regulations"), as amended from time to time.

Management's Responsibility

3. The implementation of the ESOP 2011, ESOP 2016 and ESOP 2018, in accordance with the SEBI Regulations, as amended from time to time, and also in accordance with the resolutions of the company is the responsibility of the Management of the Company. The Management of the Company is also responsible for design, implementation and maintenance of internal control relevant to the preparation and presentation of the said ESOP 2011, ESOP 2016 and ESOP 2018, maintenance of proper books of account, other relevant records and documents as prescribed under the aforesaid Regulations.

Auditor's Responsibility

4. Our responsibility, for the purpose of this certificate, is limited to the review of the procedures and implementation thereof, adopted by the Company for the year ended March 31, 2019 in respect of the compliance with the aforesaid SEBI Regulations, as stipulated in Regulation 13 of the SEBI Regulations.

5. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India ("ICAI") and the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, as applicable. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

7. Based on our examination as above, and according to the information and explanations provided to us by the Management of the Company, we certify that the ESOP 2011 and ESOP 2016 of the Company referred to above, have been implemented for the year ended March 31, 2019 in accordance with the SEBI Regulations, as amended from time to time, and in accordance with the resolutions of the members of the Company. ESOP 2018 has not been implemented pending receipt of regulatory approval.

Restriction on Use

8. This Certificate is addressed to and provided to the Board of Directors of the Company for the purpose of placing the same before the shareholders of the Company at the ensuing Annual General Meeting of the Company and should not be used for any other purpose without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Ganesh Balakrishnan

Partner
(Membership No.201193)

Place: Hyderabad
Date: May 2, 2019

BUSINESS RESPONSIBILITY REPORT

Overview:

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

Section A: General Information about the Company

1. Corporate Identity Number (CIN) of the Company	L24239AP2005PLC047518
2. Name of the Company	Laurus Labs Limited
3. Company Address	Registered Office: Plot No.21, Jawaharlal Nehru Pharma City, Parawada, Visakhapatnam – 531 021, Andhra Pradesh, India. Corporate Office: 2nd Floor, Serene Chambers, Road No.7, Banjara Hills, Hyderabad – 500 034, Telangana, India.
4. Website	www.lauruslabs.com
5. E-mail ID	secretarial@lauruslabs.com
6. Financial year reported	April 1, 2018 to March 31, 2019
7. Sector(s) that the Company is engaged in (industrial activity code-wise)	NIC Code of product/service:21001/21002 Description: Manufacturing of active pharmaceutical ingredients
8. List of three key products/services that the Company manufactures / provides (as in balance sheet)	Laurus manufactures Active Pharmaceutical Ingredients (API) for anti-retroviral, oncology, cardio vascular, diabetic and hypertension, nutraceutical and other products. Key Products: Efavirenz, Tenofovir (TDF), Gemcitabine
9. Total number of locations where business activity is undertaken by the Company	There are six manufacturing facilities and one R&D Centre. Laurus Synthesis Inc., an US Subsidiary of the Company has office and R&D Centre at Boston, USA. Sriam Labs Pvt Ltd., another subsidiary, has one manufacturing facility around Hyderabad. Laurus Holdings Limited, an UK Subsidiary of the Company has office at South Gate Chambers, 37/39, South Gate Street, Winchester, Hants, United Kingdom – S023 9EH. Laurus Generics Inc., an US step down Subsidiary of the Company has office at 200, Bellevue Parkway, Suite 210, Wilmington, County of New Castle – 19809 and Laurus Generics GmbH, a Germany step down Subsidiary of the Company has office at C/o. Alfred E. Tiefenbacher, Van-Der-Smissen-Strasse 1, Hamburg DE – 22767.
10. Markets served by the Company – Local/state/national/international	The Company, in addition to marketing its products domestically, also markets its products globally over 55 countries. Around 52% of sales are generated from international markets.

Section B: Financial details of the Company:

1. Paid up Capital	₹1064.36 Million
2. Total Turnover	Gross turnover of ₹22,361 Million on standalone basis.
3. Total Profit After Tax	₹ 950 Million on standalone basis.
4. Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	CSR spend during the financial year 2018-19 was ₹ 46 Million (2.05% of last three years average Profit After Tax on standalone basis)
5. List of activities in which the expenditure in 4 above has been incurred	<ul style="list-style-type: none"> ● Education ● Health ● Rural sports promotion, Eradicating hunger, poverty and malnutrition etc.

Section C: Other Details:

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

BUSINESS RESPONSIBILITY REPORT CONTD.

Section D: BR Information

1. Details of Director responsible for BR	a. Details of the Director responsible for implementation of the BR policies:
	Particulars Details
	DIN Number 211921
	Name Dr.Satyanarayana Chava
	Designation Chief Executive Officer
	Telephone No. 040-39804333
	E-mail ID secretarial@lauruslabs.com
	b. Details of the BR head: Same as above

2. Principle-wise (as per NVGs) BR Policy/policies

Details of Compliance:

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

Sl. Questions No.	Ethics	Product Lifecycle Sustainability*	Employees wellbeing	Stakeholders engagement	Human rights	Environment	Policy advocacy	Community Development (CSR)	Customer Value
	P1	P2	P3	P4	P5	P6	P7	P8	P9
	10	No	N.A.	Yes	NA	NA	Yes	NA	Yes

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

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

** Policy is in line with ISO 14001 international standards

3. Governance related to BR

- Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company
Annually.
- Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

This is part of the Annual Report for the financial year 2018-19.

Section-E : Principle-wise Performance

Principle-1 – Ethics

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

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

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

The Company has received 6 investor complaints and all of them have been resolved satisfactorily and no complaint is pending for resolution as on March 31, 2019.

Principle-2 – Product Life Cycle Sustainability

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

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

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

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

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

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

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

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

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

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

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

Principle-3 – Employee Wellbeing

- Please indicate the total number of employees **3467**
- Please indicate the total number of employees hired on temporary/contractual/casual basis **3083**

BUSINESS RESPONSIBILITY REPORT CONTD.

- Please indicate the number of permanent women employees **273**
- Please indicate the number of permanent employees with disabilities **Nil**
- Do you have an employee association that is recognized by the management **No**
- What percentage of your permanent employees is member of this recognized employee association? **Not applicable**
- Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year. **Nil**
- What percentage of your under-mentioned employees were given safety & skill up-gradation training in the last year?

	R&D (%)	U-1 (%)	U-2 (%)	U-3 (%)	U-4 (%)	U-5 (%)	U-6 (%)	Total %
Permanent employees	80%	81%	80%	98%	43%	99%	70%	79%
Permanent women employees	80%	100%	76%	100%	75%	100%	80%	87%
Casual/Temporary/Contractual employees	90%	100%	69%	100%	90%	100%	70%	87%
Employees with disabilities	NA	NA	NA	NA	NA	NA	NA	NA

Principle-4 – Stakeholders engagement

- Has the Company mapped its internal and external stakeholders? **Yes**
- Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders? **Yes**
- Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

The Company implements all special protection rights such as Whistle blower mechanism, minority shareholders' rights etc. and implements all Corporate Governance Practices with highest standards so that all stakeholders gets their due share of benefits.

Principle-5 – Human Rights

- Does the policy of the Company on human rights cover only the Company or extend to the group/joint ventures/suppliers/contractors/NGOs/others?
The Company is yet to implement the formal policy.
- How many stakeholder complaints have been received in the past financial year and what per cent was satisfactorily resolved by the management? **Nil**

Principle 6 – Environment

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

The Company and its subsidiaries

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

Few assessments conducted for carbon foot print study. As part of the global warming and climate

change, Company complies with avoiding use of ozone depleting chemicals CTC, EDC, CFC etc.,

- Does the Company identify and assess potential environmental risks?
Yes. New products are introduced after proper HAZOP and environmental impact assessment.
- Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so? **No**
- Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy etc.?
Yes. To minimize power usage LED lights have been used and more efficient agitators have been used.
- Are the emissions/waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported? **Yes**

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

Principle-7 – Policy advocacy

- Is your company a member of any trade and chamber of association? If yes, Name only those major ones that your business deals with.

**The Company is a member in –
Confederation of Indian Industry
Pharmaceuticals Export Promotion Council of India
The Federation of TG and AP Chambers of Commerce & Industry (FTAPCCI)
Bulk Drugs Manufacturers Association
JNPC Manufacturers Association
The Associated Chambers of Commerce & Industry of India**

Indo American Chamber of Commerce, Hyderabad

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

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

Principle-8 – Community Development (CSR)

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

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

2. Are the programs/projects undertaken through in-house team/own foundation/ external NGO/government structures/any other organization? **In house team**
3. Have you done any impact assessment of your initiative? **Yes.**
4. What is your Company's direct contribution to community development projects – amount and details of the projects undertaken? **₹ 46.07 million**

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

Principle-9 – Customer value

1. What percentage of customer complaints/consumer cases are pending as on the end of the financial year? **Nil**
2. Does the Company display product information on the product label, over and above what is mandated as per local laws?

Based on specific customer requirement

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of the financial year? **Nil**
4. Did your Company carry out any consumer survey/consumer satisfaction trends? **No**

INDEPENDENT AUDITOR'S REPORT

To The Members of
Laurus Labs Limited

Report on the Audit of the Standalone Financial Statements Opinion

We have audited the accompanying standalone financial statements of Laurus Labs Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Key Audit Matter

Revenue recognition - Refer note 17 of the standalone financial statements

The Company recognises revenue from sale of API, Intermediates and Formulations based on the terms and conditions of transactions which varies with different customers.

For sale transactions in a certain period of time around the Balance Sheet date, it is essential to ensure that the control of the goods have been transferred to the customers. As revenue recognition is subject to management's judgement on whether the control of the goods have been transferred, we consider cut-off of revenue as a key audit matter.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Auditor's Response

Principal audit procedures:

We obtained an understanding of the revenue recognition process and tested the company's controls around the timely and accurate recording of sales transactions.

We have obtained an understanding of a sample of customer contracts.

We tested the access and change management controls of the relevant information technology system in which shipments are recorded.

Our test of revenue samples focused on sales recorded immediately before the year-end, obtaining evidence to support the appropriate timing of revenue recognition, based on terms and conditions set out in sales contracts and delivery documents.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Report on Corporate Governance and Business Responsibility Report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone

Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements

INDEPENDENT AUDITOR'S REPORT CONTD.

of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31 March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer

to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements;
 - 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.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Ganesh Balakrishnan
Partner
(Membership No. 201193)

Place: Hyderabad
Date: May 2, 2019

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

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

We have audited the internal financial controls over financial reporting of Laurus Labs Limited (“the Company”) as of March 31, 2019 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 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 of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, 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, 2019, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm’s Registration No. 117366W/W-100018)

Ganesh Balakrishnan
Partner
(Membership No. 201193)

Place: Hyderabad
Date: May 2, 2019

ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Some of the fixed assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed on property provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the Balance Sheet date. In respect of immovable properties of land and buildings that have been taken on lease, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on 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 Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (c) Details of dues of Income-tax, Sales Tax, Service Tax and Value Added Tax which have not been deposited as on March 31, 2019 on account of disputes are given below:
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. There are no unclaimed deposits, in respect of which compliance with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 is required.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 for manufacture of Active Pharma Ingredients. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income-tax, Customs Duty, Goods and Services Tax, cess and other material statutory dues applicable to it to the appropriate authorities. Service Tax, Sales Tax, Excise duty, and Value Added Tax are not applicable to the Company.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income-tax, Customs Duty, Goods and Services Tax, cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (₹ in million)	Amount Unpaid (₹ in million)
The Income Tax Act, 1961	Income Tax	Honorable High Court of Karnataka Commissioner of Income-tax (Appeals)	A.Y. 2008-09	10.10	3.05
			A.Y. 2016-17	56.06	56.06
The Finance Act, 1994	Service Tax	CESTAT	2010-2015	99.78	96.04
			2008-2009	0.49	0.49
AP VAT Act, 2005	Sales Tax	High Court of Judicature at Hyderabad for the State of Telangana Sales Tax and VAT Appellate Tribunal, Telangana Sales Tax and VAT Appellate Tribunal, Andhra Pradesh	2006-07	4.80	4.80
			2013-14	4.68	4.68
			2014-2016	3.57	2.67

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not issued any debentures. The Company has not taken any loans and borrowings from financial institutions and government.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). The term loans have been applied by the Company during the year for the purposes for which they were raised.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or subsidiary companies or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Ganesh Balakrishnan

Partner
(Membership No. 201193)

Place: Hyderabad
Date: May 2, 2019

BALANCE SHEET

as at 31st March, 2019

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

Particulars	Notes	March 31, 2019	March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3	15,868.74	14,405.52
Capital work-in-progress	3	1,071.45	1,631.80
Intangible assets	4	121.16	71.39
Financial assets			
Investments	5A	583.15	517.42
Other financial assets	5C	280.79	226.44
Deferred tax assets (net)	6	489.07	486.52
Income tax assets (net)	16A	13.29	7.05
Other non-current assets	7A	417.58	439.97
Total non-current assets		18,845.23	17,786.11
Current assets			
Inventories	8	6,659.06	5,757.75
Financial assets			
Trade receivables	9	6,866.42	5,551.35
Cash and cash equivalents	10A	5.16	8.66
Other balances with banks	10B	0.53	0.53
Loans	5B	4.17	8.26
Other financial assets	5C	197.94	190.18
Other current assets	7B	604.82	774.90
Total current assets		14,338.10	12,291.63
Total assets		33,183.33	30,077.74
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	1,064.37	1,060.30
Other equity		14,844.61	14,072.66
Total equity		15,908.98	15,132.96
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	13A	2,586.60	1,416.59
Provisions	15A	292.22	201.01
Other non-current liabilities	14A	601.16	646.97
Total non-current liabilities		3,479.98	2,264.57
Current liabilities			
Financial liabilities			
Borrowings	13B	6,576.84	7,260.57
Trade payables			
-total outstanding dues of micro enterprises and small enterprises	13C	66.40	27.89
-total outstanding dues of creditors other than micro enterprises and small enterprises	13C	4,707.63	3,040.21
Current maturities and other liabilities	13D	1,628.10	1,466.99
Other current liabilities	14B	746.95	837.14
Provisions	15B	64.46	44.58
Income tax liabilities (net)	16B	3.99	2.83
Total current liabilities		13,794.37	12,680.21
Total - equity and liabilities		33,183.33	30,077.74
Summary of significant accounting policies	2.2		

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

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
ICAI Firm
Registration Number : 117366W/W-100018

Ganesh Balakrishnan
Partner
Membership No. 201193

Place: Hyderabad
Date: May 02, 2019

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

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

Place: Hyderabad
Date: May 02, 2019

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

G.Venkateswar Reddy
Company Secretary

STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2019

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

Particulars	Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
I. INCOME			
Revenue from operations	17	22,361.48	20,392.88
Other income	18	152.64	281.28
Total income (I)		22,514.12	20,674.16
II. EXPENSES			
Cost of materials consumed	19	12,154.70	10,544.97
Purchase of traded goods		223.80	270.15
Changes in inventories of finished goods, work-in-progress and stock-in-trade	20	(289.19)	(251.05)
Excise duty		-	124.46
Employee benefits expenses	21	2,697.22	2,381.40
Other expenses	22	4,060.37	3,235.49
Total expenses (II)		18,846.90	16,305.42
III. Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) (I-II)		3,667.22	4,368.74
Depreciation and amortisation	3 & 4	1,605.32	1,212.34
Finance income	23A	(8.61)	(7.07)
Finance costs	23B	858.32	754.40
IV. Profit before tax		1,212.19	2,409.07
V. Tax expense	27		
Current tax		248.32	529.69
Deferred tax		13.93	147.99
Income tax expense		262.25	677.68
VI. Profit for the year (IV-V)		949.94	1,731.39
Other comprehensive income (OCI)	24		
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement gains/(losses) on defined benefit plans		(36.44)	0.28
Tax on remeasurement of defined benefit plans		12.73	(0.10)
		(23.71)	0.18
Items that will be reclassified subsequently to profit or loss:			
Fair value movements on cash flow hedges		(10.74)	-
Tax on fair value movements on cash flow hedges		3.75	-
		(6.99)	-
Total other comprehensive income for the year, net of tax		(30.70)	0.18
Total comprehensive income for the year, net of tax		919.24	1,731.57
Earnings per equity share ₹ 10/- each fully paid (March 31, 2018: ₹ 10/- each fully paid)	25		
Computed on the basis of total profit for the year			
Basic (₹)		8.94	16.35
Diluted (₹)		8.92	16.28
Summary of significant accounting policies	2.2		
The accompanying notes are an integral part of the financial statements.			
As per our report of even date			

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

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
ICAI Firm
Registration Number : 117366W/W-100018

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

Ganesh Balakrishnan
Partner
Membership No. 201193

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

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

Place: Hyderabad
Date: May 02, 2019

Place: Hyderabad
Date: May 02, 2019

G.Venkateswar Reddy
Company Secretary

STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2019

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

a. Equity share capital

Equity shares of ₹ 10 each, fully paid up	No.	₹
As at March 31, 2017	105,756,249	1,057.56
Issued during the year - ESOP	273,500	2.74
As at March 31, 2018	106,029,749	1,060.30
Issued during the year - ESOP	407,000	4.07
As at March 31, 2019	106,436,749	1,064.37

b. Other equity

Particulars	Reserves and surplus				Other comprehensive income		Total
	Capital reserve	Securities Premium	Share based payments reserve	Retained Earnings	Effective portion of cash flow hedge	Re-measurement gains or losses on employee defined benefit plans	
As at March 31, 2017	17.92	6,703.54	58.53	5,737.62	-	(19.40)	12,498.21
Profit for the year	-	-	-	1,731.39	-	-	1,731.39
Expense arising from equity-settled share-based payment transactions	-	-	33.55	-	-	-	33.55
Transferred from stock options outstanding	-	33.78	(33.53)	-	-	-	0.25
Final dividend on equity shares (refer note no. 12)	-	-	-	(158.63)	-	-	(158.63)
Tax on final dividend on equity shares (refer note no. 12)	-	-	-	(32.29)	-	-	(32.29)
Remeasurement on net defined benefit liability, net of tax (refer note no. 24)	-	-	-	-	-	0.18	0.18
As at March 31, 2018	17.92	6,737.32	58.55	7,278.09	-	(19.22)	14,072.66

STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2019

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

Particulars	Reserves and surplus				Other comprehensive income		Total
	Capital reserve	Securities Premium	Share based payments reserve	Retained Earnings	Effective portion of cash flow hedge	Re-measurement gains or losses on employee defined benefit plans	
Profit for the year	-	-	-	949.94	-	-	949.94
Expense arising from equity-settled share-based payment transactions	-	-	24.20	-	-	-	24.20
Transferred from stock options outstanding	-	49.32	(29.08)	-	-	-	20.24
Final dividend on equity shares(refer note no. 12)	-	-	-	(159.04)	-	-	(159.04)
Tax on final dividend on equity shares (refer note no. 12)	-	-	-	(32.69)	-	-	(32.69)
Effective portion of changes in fair value of cash flow hedges, net of tax (refer note no. 24)	-	-	-	-	(6.99)	-	(6.99)
Remeasurement on net defined benefit liability, net of tax (refer note no. 24)	-	-	-	-	-	(23.71)	(23.71)
As at March 31, 2019	17.92	6,786.64	53.67	8,036.30	(6.99)	(42.93)	14,844.61

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

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
ICAI Firm
Registration Number : 117366W/W-100018

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

Ganesh Balakrishnan
Partner
Membership No. 201193

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

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

Place: Hyderabad
Date: May 02, 2019

Place: Hyderabad
Date: May 02, 2019

G.Venkateswar Reddy
Company Secretary

STATEMENT OF CASH FLOWS

for the year ended March 31, 2019

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

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit before tax	1,212.19	2,409.07
Cash Flows from operating activities		
Adjustments for :		
Depreciation of property, plant and equipment	1,568.42	1,183.18
Amortisation of intangible assets	36.90	29.16
Loss on sale of fixed assets (net)	7.94	5.20
Finance income	(8.61)	(7.07)
Interest expense	837.77	721.30
Share based payment expense	24.20	33.55
Net loss/ (gain) on foreign exchange fluctuations (unrealised)	46.91	85.35
Provisions no longer required written back	(94.70)	(37.41)
Allowance for/ (Reversal of) bad and doubtful advance and debts	2.95	9.30
Gratuity and compensated absences	74.64	57.79
Operating profit before working capital changes	3,708.61	4,489.42
Movement in working capital:		
Increase in inventories	(901.31)	(728.37)
(Increase)/decrease in trade receivables	(1,391.95)	119.14
(Increase)/decrease in financial and non-financial assets	70.37	(211.61)
Increase in trade payables	1,815.92	531.95
Increase/(decrease) in financial, non-financial liabilities and provisions	(116.56)	104.13
Cash generated from operations	3,185.08	4,304.66
Income tax paid	(253.40)	(618.63)
Net cash flows from operating activities (A)	2,931.68	3,686.03
Cash flows used in investing activities		
Purchase of property, plant and equipment, including intangible assets, capital work in progress and capital advances	(2,513.75)	(3,810.53)
Proceeds from sale of property, plant and equipment	5.03	4.28
Movement in other bank balances	-	60.38
Investment in subsidiaries	(65.73)	(12.17)
Acquisition of Business combinations (refer note no. 42)	-	(423.79)
Interest received	8.61	7.07
Net cash flows used in investing activities (B)	(2,565.84)	(4,174.76)

STATEMENT OF CASH FLOWS

for the year ended March 31, 2019

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

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Net cash flows from financing activities		
Proceeds from exercise of employee stock options	24.31	2.74
Repayment of long - term borrowings	(819.39)	(1,011.39)
Proceeds from long - term borrowings	2,082.54	1,313.38
Proceeds from Short - term borrowings (net)	(640.43)	1,097.68
Dividend paid	(159.04)	(158.63)
Tax on dividend	(32.69)	(32.29)
Interest paid	(824.64)	(721.59)
Net cash flows from/(used in) financing activities (C)	(369.34)	489.90
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(3.50)	1.17
Cash and cash equivalents at the beginning of the year	8.66	7.49
Cash and cash equivalents at the year end	5.16	8.66
Components of cash and cash equivalents:		
Cash on hand	0.79	2.11
Balances with banks		
On current accounts	4.37	6.55
Total cash and cash equivalents	5.16	8.66

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

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

ICAI Firm

Registration Number : 117366W/W-100018

Ganesh Balakrishnan

Partner

Membership No. 201193

Place: Hyderabad

Date: May 02, 2019

For and on behalf of the Board of Directors

LAURUS LABS LIMITED

Dr. C. Satyanarayana

Whole Time Director &

Chief Executive Officer

DIN: 00211921

Place: Hyderabad

Date: May 02, 2019

V.V.Ravi Kumar

Executive Director &

Chief Financial Officer

DIN: 01424180

G.Venkateswar Reddy

Company Secretary

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

1. Corporate information

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

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

These financial statements are authorised by the Board of Directors for issue in accordance with their resolution dated May 02, 2019.

2. Significant accounting policies

2.1 Basis of preparation

- (a) The financial statements of the Company have been prepared in accordance with Indian Accounting Standards ('Ind AS'), under the historical cost basis except for certain financial instruments which are measured at fair values at the end of each reporting period as explained in the accounting policies below, the provisions of the Companies Act, 2013 ('the Act') (to the extent notified) and guidelines issued by Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued there after.

2.2 Summary of significant accounting policies

(a) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

(b) Foreign currencies

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

Transactions and balances

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

Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss.

(c) Fair value measurement

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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

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

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

(d) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates after taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company derives revenues primarily from manufacture and sale of Active Pharma Ingredients (API) including intermediates, Generic Finished dosage forms (FDF) and Contract Research services (together called as "Pharmaceuticals")

Effective April 01, 2018, the Company adopted Ind AS 115, Revenue from Contracts with Customers, using the modified retrospective approach, the application of Ind AS 115 did not have any significant impact. The following is summary of new and/or revised significant accounting policies relating to revenue recognition. Refer note no 2.2 "Significant Accounting Policies," in the Company's 2018 annual report for the policies in effect for revenue prior to April 01, 2018. The effect on adoption of Ind AS 115 was insignificant. Further, refer note no. 17 for disaggregate revenues from contracts with customers for the year ended March 31, 2019.

Sale of products

The Company recognises revenue for supply of goods to customers against orders received. The majority of contracts that company enters into relate to sales orders containing single performance obligations for the delivery of pharmaceutical products as per Ind AS 115. Product revenue is recognised when control of the goods is passed to the customer. The point at which control passes is determined based on the terms and conditions by each customer arrangement, but generally occurs on delivery to the customer. Revenue is not recognised until it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

The Government of India introduced the Goods and Services Tax (GST) with effect from July 01, 2017. Accordingly, 'Revenue', Revenue from operations for the year ended March 31, 2018 includes Excise duty up to June 30, 2017. Revenue from operations of earlier periods included Excise duty which is now subsumed in GST.

Sale of services

Revenue from contract research operations is recognised based on services performed till date as a percentage of total services. The agreed milestones are specified in the

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

contracts with customers which determine the total services to be performed.

Interest income

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

Dividends

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

(e) Government Grants

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

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

(f) Taxes

Current income tax

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

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

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and

liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

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

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

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

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

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.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

(g) Property, plant and equipment

Under the previous GAAP (Indian GAAP), property, plant and equipment and capital work in progress were carried in the balance sheet at cost of acquisition. The Company has elected to regard those values of property, plant and equipment as deemed cost at the date of the acquisition

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

since there is no change in the functional currency as at 1 April 2015 (date of transition to Ind AS) on the date of transition to Ind AS. The Company has also determined that cost of acquisition or construction at deemed cost as at 1 April 2015.

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

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance or extends its estimated useful life.

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

Factory buildings	:	30 years
Other buildings	:	60 years
Plant and equipment	:	5 to 20 years
Furniture and fixtures	:	10 years
Vehicles	:	4 to 5 years
Computers	:	3 to 6 years

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

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed

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

at each financial year end and adjusted prospectively, if appropriate.

(h) Intangible assets

Computer Software

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

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

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at April 01, 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

(i) Leases

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

Company as a lessee

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

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

Company as a lessor

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

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

(j) Borrowing costs

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

(k) Inventories

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

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

- Raw materials: Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.
- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity.
- Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.
- Stores, spares and packing materials are valued at the lower of cost and net realisable value.

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

(l) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset,

unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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

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

(m) Provisions

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(n) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

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

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

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

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

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

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

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

The Company treats accumulated leaves which are to be settled after 12 months as a long-term employee benefit and accumulated leaves which are to be settled in the next 12 months as a short-term employee benefit for measurement purposes. Such accumulated leaves are provided for based on an actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

(o) Share-based payments

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

Equity-settled transactions

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

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

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

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

(p) Financial instruments

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

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

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

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. This category generally applies to trade and other receivables. For more information on receivables, refer to Note 9.

Derecognition

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

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the

transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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

Impairment of financial assets

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

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, deposits and bank balances.
- b) Trade receivables that result from transactions that are within the scope of Ind AS 115.

The Company follows 'simplified approach' for recognition of impairment loss. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition.

If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

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

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. On that basis, the Company estimates the following provision matrix at the reporting date:

Particulars	% of provision on outstanding receivables
> 1 year and < 2 years	25%
> 2 years and < 3 years	50%
> 3 years	100%

Financial liabilities

Initial recognition and measurement

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

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

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to Statement of Profit or Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit or Loss. The Company has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings

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

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

Derecognition

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

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification

prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in Statement of Profit and Loss.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to Statement of Profit and Loss at the reclassification date.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(q) Investments in subsidiaries

In respect of equity investments, the entity prepares separate financial statements and account for its investments in subsidiaries at cost.

(r) Derivative instruments and hedge accounting

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The purchase contracts that meet the definition of a derivative under Ind-AS 109 are recognised in the Statement of Profit and Loss. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

Hedges of highly probable forecasted transactions

The Company classifies foreign currency forward contracts as derivative instruments in a cash flow hedging relationship to hedge foreign currency risk associated with highly probable forecasted transactions.

The use of foreign currency forward contracts is governed by the Company's policies, which provide written principles on

the use of such derivatives consistent with the Company's risk management strategy. The Company does not use derivative financial instruments for speculative purposes.

Foreign currency forward contract derivative instruments are remeasured at fair value at each reporting date. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised directly in cash flow hedge account in reserves and surplus as a component of equity and reclassified to the Statement of Profit and Loss as revenue in the period corresponding to the occurrence of the forecasted transactions. Ineffective portion of such derivatives is recognised immediately in Statement of Profit and Loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in other comprehensive income /(loss), remains in other comprehensive income until the forecast transaction occurs. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income/(loss) is recognized immediately in the Statement of Profit and loss.

Hedges of recognised assets and liabilities:

Changes in the fair value of derivative contracts that economically hedge monetary assets and liabilities in foreign currencies, and for which no hedge accounting is applied, are recognized in the statement of profit and loss. The changes in fair value of such derivative contracts, as well as the foreign exchange gains and losses relating to the monetary items, are recognized in the Statement of Profit and Loss.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

(s) Cash and cash equivalents

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

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

(t) Research and Development

Revenue expenditure on research and development is charged to revenue in the period in which it is incurred. Capital expenditure on research and development is added to property, plant and equipment and depreciated in accordance with the policies of the Company.

(u) Measurement of EBITDA

The Company presents EBITDA in the statement of profit or loss, which is neither specifically required by Ind AS 1 nor defined under Ind AS. Ind AS complaint Schedule III allows companies to present line items, sub-line items and sub-totals shall be presented as an addition or substitution on the face of the financial statements when such presentation is relevant to an understanding of the company's financial position or performance or to cater to industry/sector-specific disclosure requirements or when required for compliance with the amendments to the Companies Act or under the Indian Accounting Standards.

(v) New standards and interpretations not yet adopted

Ind AS 116 Leases:

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The Company is evaluating the effect of adoption on the financial statements.

Amendment to Ind AS 12 – Income taxes :

On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes',

in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is evaluating the effect of this amendment on the financial statements.

Amendment to Ind AS 19 – plan amendment, curtailment or settlement

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is evaluating the effect of this amendment on the financial statements.

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments :

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company is evaluating the effect of this amendment on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

(All amounts in Million 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 Property, plant and equipment
Gross carrying value							
As at March 31, 2017	869.73	4,392.86	7,950.59	266.24	88.99	106.71	13,675.12
Additions	52.01	1,150.32	2,405.48	37.58	28.73	63.93	3,738.05
Disposals	-	-	-	-	-	(21.08)	(21.08)
As at March 31, 2018	921.74	5,543.18	10,356.07	303.82	117.72	149.56	17,392.09
Additions	-	725.50	2,154.39	99.70	31.37	33.65	3,044.61
Disposals	-	-	-	-	-	(22.47)	(22.47)
As at March 31, 2019	921.74	6,268.68	12,510.46	403.52	149.09	160.74	20,414.23
Depreciation							
As at March 31, 2017	-	263.68	1,440.89	64.67	34.96	10.79	1,814.99
Charge for the year	-	195.22	903.94	34.24	19.31	30.47	1,183.18
Disposals	-	-	-	-	-	(11.60)	(11.60)
As at March 31, 2018	-	458.90	2,344.83	98.91	54.27	29.66	2,986.57
Charge for the year	-	262.62	1,208.46	36.12	25.72	35.50	1,568.42
Disposals	-	-	-	-	-	(9.50)	(9.50)
As at March 31, 2019	-	721.52	3,553.29	135.03	79.99	55.66	4,545.49
Net carrying value							
As at March 31, 2017	869.73	4,129.18	6,509.70	201.57	54.03	95.92	11,860.13
As at March 31, 2018	921.74	5,084.28	8,011.24	204.91	63.45	119.90	14,405.52
As at March 31, 2019	921.74	5,547.16	8,957.17	268.49	69.10	105.08	15,868.74

Capital work-in-progress (including expenditure during construction period - note 41) : ₹ 1,071.45 (March 31, 2018: ₹ 1,631.80).

Notes:

* includes expenditure during the construction period amounting to ₹ nil (March 31, 2018: ₹ 0.69 (Note 41)).

Pledge on Property, plant and equipment:

Property, plant and equipment (other than vehicles) with a carrying amount of ₹ 15,763.66 (March 31, 2018: ₹ 14,285.62) are subject to a pari passu first charge on the Company's term loans, except to the extent of plant & machinery exclusively charged towards term loan. Further, the property, plant and equipment (other than vehicles) are subject to a pari passu second charge on the Company's current borrowings. Also, refer note 13A and 13B.

Vehicles with a carrying amount of ₹ 105.08 (March 31, 2018: ₹ 119.90) are hypothecated to respective banks against vehicle loans.

4. Intangible assets

Particulars	Computer software purchased	Total intangible assets
Gross carrying value		
As at March 31, 2017	115.96	115.96
Additions	28.13	28.13
Disposals	-	-
As at March 31, 2018	144.09	144.09
Additions	86.67	86.67
Disposals	-	-
As at March 31, 2019	230.76	230.76
Amortisation		
As at March 31, 2017	43.54	43.54
Charge for the year	29.16	29.16
Disposals	-	-
As at March 31, 2018	72.70	72.70
Charge for the year	36.90	36.90
Disposals	-	-
As at March 31, 2019	109.60	109.60

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

Particulars	Computer software purchased	Total intangible assets
Net carrying value		
As at March 31, 2017	72.42	72.42
As at March 31, 2018	71.39	71.39
As at March 31, 2019	121.16	121.16

5. Financial assets

Particulars	March 31, 2019	March 31, 2018
A. Investments		
Equity instruments of subsidiaries	549.10	483.37
Others	34.05	34.05
	583.15	517.42
Unquoted investments carried at cost		
Investments in subsidiary		
- 30,000 (March 31, 2018: 30,000) Equity Shares of US\$ 100 each fully paid-up in Laurus Synthesis Inc.	189.26	189.26
- 14,203,363 (March 31, 2018: 14,203,363) Equity Shares of ₹ 10 each of Sriam Labs Private Limited	281.94	281.94
- 8,500 (March 31, 2018: 1,350) Equity Shares of GBP 100 each fully paid-up in Laurus Holding Limited	77.90	12.17
	549.10	483.37
Unquoted investments (valued at fair value through profit and loss)		
- 3,405,000 (March 31, 2018: 3,405,000) Equity Shares of ₹ 10 each of Atchutapuram Effluent Treatment Ltd	34.05	34.05
	34.05	34.05
B. Loans		
Current (unsecured, considered good unless otherwise stated)		
Other loans		
- Loans to employees	4.17	8.26
Total	4.17	8.26
C. Other financial assets		
Non-current (unsecured, considered good unless stated otherwise)		
Security deposits	131.27	114.96
Export and other incentives receivable *	149.52	111.48
Total	280.79	226.44
Current (unsecured, considered good unless stated otherwise)		
Export and other incentives receivable *	197.94	190.18
Total	197.94	190.18

* Export and other incentives receivable has been recognized on the following: a) Incentive in the form of duty credit scrip upon sale of exports under Merchandise Exports from India Scheme under Foreign Trade Policy of India b) Sales tax incentive and reimbursement of power cost under the Andhra Pradesh state incentives IIPP 2015-20 scheme. There are no unfulfilled conditions or contingencies attached to these incentives.

6. Deferred tax assets (Net)

Particulars	March 31, 2019	March 31, 2018
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 property, plant and equipment	(1,129.16)	(836.66)
Income tax on deferred revenue on embedded leases	(285.65)	(342.75)
	(A)	(1,179.41)
Deferred tax asset		
MAT credit entitlement	1,756.73	1,546.39
Expenses allowable on payment basis	115.32	85.65
Other items giving raise to temporary differences	31.83	33.89
	(B)	1,665.93
Deferred tax assets (Net)	(A+B)	486.52

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

For the year ended March 31, 2019:

Particulars	Opening balance	Recognised in profit & loss	Recognised in other comprehensive income	Closing balance
Accelerated depreciation for tax purposes	(836.66)	(292.50)	-	(1,129.16)
Deferred revenue on embedded leases	(342.75)	57.10	-	(285.65)
MAT credit entitlement	1,546.39	210.34	-	1,756.73
Expenses allowable on payment basis	85.65	29.67	-	115.32
Other items giving rise to temporary differences	33.89	(18.54)	16.48	31.83
	486.52	(13.93)	16.48	489.07

For the year ended March 31, 2018:

Particulars	Opening balance	Recognised in profit & loss	Recognised in other comprehensive income	Closing balance
Accelerated depreciation for tax purposes	(541.47)	(295.19)	-	(836.66)
Deferred revenue on embedded leases	(396.20)	53.45	-	(342.75)
MAT credit entitlement	1,467.37	79.02	-	1,546.39
Expenses allowable on payment basis	96.78	(11.13)	-	85.65
Other items giving rise to temporary differences	8.13	25.86	(0.10)	33.89
	634.61	(147.99)	(0.10)	486.52

The Company has accounted for deferred tax assets (net) of ₹ 489.07 (March 31, 2018: ₹ 486.52) based on approval of business plan by board, agreements entered with customers, orders on hand, successful patent filings and a portfolio of drugs.

During the year ended March 31, 2019, the Company has paid dividend to its shareholders. This has resulted in payment of Dividend Distribution Tax (DDT) to the taxation authorities. The Company believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence, DDT paid is charged to equity.

7. Other assets

Particulars	March 31, 2019	March 31, 2018
A) Non-current (unsecured, considered good unless otherwise stated)		
Capital advances	71.14	132.28
Advances recoverable in cash & kind	19.50	24.29
Prepayments	321.80	283.25
Balances with statutory/Government authorities	20.00	20.00
Taxes paid under protest	4.64	4.44
	437.08	464.26
Less: Provision for doubtful advances	(19.50)	(24.29)
Total	417.58	439.97
B) Current (unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or kind	95.75	102.76
Loans and advances to related parties (refer note no. 33)	166.57	116.07
Prepayments	111.68	94.08
Balances with statutory/Government authorities	229.93	460.18
Deferred lease expenses	-	0.68
Others	0.89	1.13
Total	604.82	774.90

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

8. Inventories

Particulars	March 31, 2019	March 31, 2018
(At lower of cost and net realisable value)		
Raw materials (including port stock and stock-in-transit ₹ 428.34 (March 31, 2018: ₹ 543.32) (refer note no. 42)	2,892.72	2,358.61
Work-in-progress	2,037.62	1,731.91
Finished goods	1,493.48	1,510.00
Stores, spares and packing materials	235.24	157.23
Total	6,659.06	5,757.75

9. Trade receivables

Particulars	March 31, 2019	March 31, 2018
Unsecured		
Considered good	6,816.85	5,548.74
Reivable from related parties (refer note no. 33)	49.57	2.61
Credit impaired	23.46	23.29
	6,889.88	5,574.64
Less: Allowance for doubtful debts	(23.46)	(23.29)
	6,866.42	5,551.35

- No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.
- Trade receivables are non-interest bearing and are generally on terms of 30 - 120 days.
- Of the trade receivables balance, ₹ 3,687.44 in aggregate (as at March 31, 2018 ₹ 2,997.24) is due from the Company's customers individually representing more than 5 % of the total trade receivables balance.
- The Company has used practical expedient by computing the expected credit loss allowance for doubtful trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forwardlooking estimates. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates used in the provision matrix.

Movement in the expected credit loss allowance	March 31, 2019	March 31, 2018
Balance at the beginning of the year	23.29	21.52
Movement in expected credit loss allowance on trade receivables	0.17	1.77
Balance at the end of the year	23.46	23.29

10. Cash and cash equivalents and other bank balances

Particulars	March 31, 2019	March 31, 2018
A) Cash and cash equivalents		
Balances with banks		
- On current accounts	4.37	6.55
Cash on hand	0.79	2.11
	5.16	8.66
B) Other balances with banks		
On deposit accounts		
- Remaining maturity for less than twelve months	0.53	0.53
	0.53	0.53

Deposits with a carrying amount of ₹ 0.53 (March 31, 2018: ₹ 0.53) are towards margin money given for letter of credit and bank guarantees.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

11. Equity share capital

Particulars	March 31, 2019	March 31, 2018
Authorised		
111,000,000 (March 31, 2018: 111,000,000) Equity shares of ₹ 10/- each	1,110.00	1,110.00
Total	1,110.00	1,110.00
Issued, Subscribed and Paid Up		
106,436,749 (March 31, 2018: 106,029,749) Equity share of ₹ 10/- each fully paid up	1,064.37	1,060.30
Total	1,064.37	1,060.30

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

Equity Shares of ₹ 10 each, fully paid up	For the year ended March 31, 2019		For the year ended March 31, 2018	
	No.	₹	No.	₹
Balance as per last financial statements	106,029,749	1,060.30	105,756,249	1,057.56
Issued during the year - ESOP	407,000	4.07	273,500	2.74
Outstanding at the end of the year	106,436,749	1,064.37	106,029,749	1,060.30

11.2. Rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share at the general meetings of the Company. For liquidation terms refer note 11.2a.

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

During the year ended March 31, 2019, the amount of dividend per share declared as distribution to equity shareholders was ₹ 1.50 (March 31, 2018: ₹ 1.50).

11.2a. Liquidation terms and preferential rights

The liquidation terms of the equity shares are as follows:

- If the company shall be wound up, the Liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act divide amongst the shareholders, in specie or kind the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.
- For the purpose aforesaid, the Liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the shareholders or different classes of shareholders.

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

Particulars	March 31, 2019		March 31, 2018	
	% Holding	No.	% Holding	No.
Equity shares of ₹ 10/- each held by				
Blue Water Investment Limited	19.72%	20,989,596	19.80%	20,989,596
Dr.C.Satyanarayana	17.70%	18,838,804	15.83%	16,781,704
Amansa Holdings Private Limited	5.90%	6,276,737	-	-
FIL Capital Management (Mauritius) Limited	5.75%	6,118,806	11.54%	12,237,612
Mrs.C.Naga Rani	6.93%	7,376,544	5.89%	6,240,000

11.4.Details of shares reserved for issue under options

For details of shares reserved for issue under Employee Stock Options Scheme plan of the Company, refer note no. 29

11.5.Aggregate number of bonus shares issued, shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

	March 31, 2019	March 31, 2018	March 31, 2017
No. of equity shares allotted as fully paid bonus shares by capitalization of securities premium	-	-	73,971,303

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

12. Distributions made and proposed

Particulars	March 31, 2019	March 31, 2018
Cash dividends on equity shares declared and paid:		
Final dividend for the financial year 2017-18 : ₹ 1.50 per share (financial year 2016-17 : ₹ 1.50 per share)	159.04	158.63
Dividend distribution tax on final dividend	32.69	32.29
	191.73	190.92
Proposed dividends on equity shares:		
Final cash dividend	159.66	159.04
Dividend distribution tax on proposed dividend	32.82	32.69
	192.48	191.73

Proposed dividend on equity shares are subject to approval at the annual general meeting and are not recognised as a liability as at March 31, 2019.

13. Financial liabilities

Particulars	March 31, 2019	March 31, 2018
A) Non-current borrowings		
Term loans		
Indian rupee loans from banks (Secured)	1,089.04	1,014.87
Foreign currency loans from banks (Secured)	1,482.36	368.00
Other loans		
Vehicle loans from banks (Secured)	15.20	33.72
Total	2,586.60	1,416.59
Current maturities of non-current borrowings		
Term loans		
Indian rupee loans from banks (Secured)	490.01	399.61
Foreign currency loans from banks (Secured)	417.43	184.35
Buyers credit (Secured)	-	189.16
Other loans		
Vehicle loans from banks (Secured)	22.35	24.19
	929.79	797.31
Less: Amount disclosed under the head "other current financial liabilities" (refer note no. 13D)	(929.79)	(797.31)
Total	-	-
B) Current borrowings		
Cash credits and working capital demand loans		
Indian rupee loans from banks (Secured)	5,628.55	4,913.34
Foreign currency loans from banks (Secured)	45.19	1,401.10
Buyers credit from banks (Secured)	707.27	946.13
Buyers credit from banks (Unsecured)	195.83	-
Total	6,576.84	7,260.57

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

Name of the Bank	Outstanding as on March 31, 2019	Outstanding as on March 31, 2018	Sanction Amount	No. of Instalments	Commencement of instalments	Effective interest rate
State Bank of India (SBI) [#]	180.00	-	490.00	23 quarterly instalments ranging from ₹ 20.00 to ₹ 22.50	September 2015	MCLR Plus 0.50% p.a (March 31, 2018: Nil)
HDFC Bank (HDFC)	866.67	1,000.00	1,000.00	15 quarterly instalments of ₹ 66.67	November 2018	At MCLR (March 31, 2018: At 1 Year G-Sec plus 155 bps)
HSBC Bank (HSBC)	-	199.60	500.00	10 quarterly instalments of ₹ 50	December 2016	At MCLR (March 31, 2018 :MCLR plus 0.5% p.a.)
Andhra Bank (AB) [*]	149.06	214.88	231.80	14 quarterly instalments ranging from ₹ 15.16 to ₹ 16.67	January 2018	At MCLR (March 31, 2018: MCLR plus 1.55% p.a.)
CITI Bank (CITI)	383.32	-	400.00	24 quarterly instalments of ₹ 16.67	January 2019	One Month T Bill + 0.28%

[#] During FY 2019, FCNR TL availed from SBI has been converted to INR Loan

^{*} Andhra Bank term loan has been taken over from Sriam Labs Private limited in the previous year (refer note no. 42) as part of slump sale

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

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

Name of the Bank	Outstanding as on March 31, 2019	Outstanding as on March 31, 2018	Sanction Amount	No. of Instalments	Commencement of instalments	Effective interest rate
State Bank of India (SBI) - Buyer's Credit	-	189.16	US\$ 2.91 Mn	Two instalments	April 2018	LIBOR Plus 0.56 % p.a. (March 31, 2018: LIBOR plus 0.56 % p.a.)
State Bank of India (SBI) - FCNR TL	-	269.54	US\$ 4.764 Mn	14 quarterly instalments	December 2017	6M LIBOR plus 2 % p.a. (March 31, 2018: 6M LIBOR plus 2 % p.a.)
State Bank of India (SBI) - FCNR TL	176.57	282.81	US\$ 2.83 Mn	9 quarterly instalments	March 2019	6M LIBOR plus 2 % p.a. (March 31, 2018: 6M LIBOR plus 2 % p.a.)
The Hongkong & Shanghai Banking Corporation (HSBC), Singapore	1,723.22	-	US\$ 25 Mn	16 quarterly instalments	July 2019	3M LIBOR plus 0.76 % p.a.

- (c) All Term loans (except Andhra Bank & HDFC) are secured by pari passu first charge on the property, plant and equipment (both present and future) except to the extent of assets exclusively charged to banks. It is further secured by pari passu second charge on current assets both present and future. [(March 31, 2018: All Term loans (except Andhra Bank & HDFC) were secured by pari passu first charge on the property, plant and equipment (both present and future) except to the extent of assets exclusively charged to banks. They were further secured by pari passu second charge on current assets both present and future)]

HDFC Term loan is secured by pari passu first charge on the property, plant and equipment (both present and future).

Andhra Bank Term loan is secured by an exclusive charge on the present and future assets of Unit VI.

[(March 31, 2018: State Bank of India (SBI) buyer's credit was secured by pari passu first charge on current assets and pari passu second charge on the fixed assets (both present and future) and also personal guarantees were given by the Chief Executive Officer and one of the Executive Directors of the Company)].

- (d) Vehicle loans from banks are repayable in instalments ranging from 36 to 48 months from the date of the loan and secured by hypothecation of the respective vehicles.
- (e) Current borrowings are availed of in both Rupee and Foreign currencies. Interest on rupee loans ranges from MCLR plus 0% to 0.50% (March 31, 2018: MCLR plus 0% to 0.60%), Buyers credit loan interest ranges from LIBOR plus 0.32% to 1.00% (March 31, 2018: LIBOR plus 0.17% to 0.75%). These borrowings are secured by pari passu first charge on current assets and pari passu second charge on the fixed assets (both present and future). [(March 31, 2018: Current borrowings were secured by pari passu first charge on current assets and pari passu second charge on the fixed assets (both present and future))].

C) Trade payables

Particulars	March 31, 2019	March 31, 2018
Valued at amortised cost		
- Total outstanding dues to creditors other than micro enterprises and small enterprises	4,700.42	2,966.07
- Outstanding dues to related parties (refer note no. 33)	7.21	74.14
	4,707.63	3,040.21
- Total outstanding dues to micro enterprises and small enterprises (refer note no. 30)	66.40	27.89
	66.40	27.89

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled on 30-120 day terms. For explanations on the Company's credit risk management processes, refer note no. 38.

D) Current maturities and other liabilities

Particulars	March 31, 2019	March 31, 2018
Current maturities of non-current borrowings (refer note no. 13A)	929.79	797.31
Capital creditors	638.46	642.40
Interest accrued	39.67	26.55
Derivative financial instruments - liability	20.18	0.73
Total	1,628.10	1,466.99

Interest payable is normally settled monthly/quarterly throughout the financial year.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

14. Other non-current and current liabilities

Particulars	March 31, 2019	March 31, 2018
A) Non-current		
Advances from customers	601.16	646.97
	601.16	646.97
B) Current		
Advances from customers	688.92	742.87
Unclaimed dividend	0.25	0.06
Statutory dues	57.78	94.21
Total	746.95	837.14

15. Provisions

Particulars	March 31, 2019	March 31, 2018
A) Non-current provisions		
Provision for gratuity	186.01	112.43
Provision for compensated absences	106.21	88.58
Total	292.22	201.01
B) Current provisions		
Provision for gratuity	25.61	17.16
Provision for compensated absences	38.85	27.42
Total	64.46	44.58

16. Income tax assets/liabilities

Particulars	March 31, 2019	March 31, 2018
A) Income tax assets		
Advance tax (net)	6.24	-
Tax paid under protest	7.05	7.05
	13.29	7.05
B) Income tax liabilities		
Provision for taxes (net)	3.99	2.83
	3.99	2.83

17. Revenue from operations

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Sale of products		
Income from sale of API, Intermediates and Formulations	20,740.69	18,934.15
Income from sale of traded goods	263.90	243.86
	(A) 21,004.59	19,178.01
Sale of services		
Contract research services	844.78	624.64
	(B) 844.78	624.64
Other operating revenue		
Sale of scrap	22.06	17.26
Export and other incentives*	265.40	269.23
Others	224.65	303.74
	(C) 512.11	590.23
Revenue from operations	(A+B+C) 22,361.48	20,392.88

* Export and other incentives have been recognized on the following:

- Incentive in the form of duty credit scrip upon sale of exports under Merchandise Exports from India Scheme under Foreign Trade Policy of India
- Sales tax incentive under the Andhra Pradesh state incentives IIPP 2015-20 scheme. There are no unfulfilled conditions or contingencies attached to these incentives.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

18. Other income

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Net gain on foreign exchange fluctuations	-	191.24
Provision no longer required written back	94.70	37.41
Bad debts recovered	-	10.52
Lease rental income	38.92	38.96
Miscellaneous income	19.02	3.15
Total	152.64	281.28

19. Cost of materials consumed

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Raw materials consumed		
Opening stock at the beginning of the year	2,358.61	1,904.55
Add : Purchases	12,580.20	10,922.18
	14,938.81	12,826.73
Less : Closing stock at the end of the year	2,892.72	2,358.61
	(A) 12,046.09	10,468.12
Packing materials consumed	(B) 108.61	76.85
Total	(A+B) 12,154.70	10,544.97

20. Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening stock of inventories		
Finished goods of API, Intermediates and Formulations	1,510.00	1,474.98
Work-in-progress of API, Intermediates and Formulations	1,731.91	1,515.88
	3,241.91	2,990.86
Closing stock of inventories		
Finished goods of API, Intermediates and Formulations	1,493.48	1,510.00
Work-in-Progress of API, Intermediates and Formulations	2,037.62	1,731.91
	3,531.10	3,241.91
(Increase)/Decrease in inventories of finished goods and work-in-progress	(289.19)	(251.05)
(Increase)/Decrease in finished goods of API, Intermediates and Formulations	16.52	(35.02)
(Increase)/Decrease in Work-in-Progress of API, Intermediates and Formulations	(305.71)	(216.03)
(Increase)/Decrease in inventories of finished goods and work-in-progress	(289.19)	(251.05)

21. Employee benefits expenses

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries, allowances and wages	2,049.91	1,752.59
Contribution to provident fund and other funds	132.04	114.56
Gratuity expense	55.59	38.24
Share based payment expense	24.20	33.55
Managerial remuneration	128.72	199.03
Recruitment and training	12.10	11.31
Staff welfare expenses	294.66	232.12
Total	2,697.22	2,381.40

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

22. Other expenses

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Consumption of stores and spares	263.04	235.17
Conversion charges	86.47	121.15
Factory maintenance	675.37	546.47
Effluent treatment expenses	192.71	158.05
Power and fuel	1,054.96	905.42
Repairs and maintenance		
Plant and machinery	192.40	142.94
Buildings	65.80	45.76
Others	14.15	5.11
Product development	211.67	240.63
Testing and analysis charges	9.81	10.70
Rent	51.15	47.35
Rates and taxes	320.72	103.55
Office maintenance	24.99	21.83
Insurance	81.91	69.96
Printing and stationery	19.94	18.21
Consultancy and other professional charges	132.76	83.42
Membership and subscription	42.58	41.98
Remuneration to auditors		
-Audit fee	4.20	4.20
-Tax audit fee	0.50	0.50
-Limited review	3.00	3.00
-Other services	2.59	3.97
-Out of pocket expenses	0.09	0.10
Travelling and conveyance	59.59	57.71
Communication expenses	21.26	20.66
Loss on sale of property, plant and equipment (net)	7.94	5.20
Allowance for bad and doubtful advance and debts	2.95	9.30
Net loss on foreign exchange fluctuations	108.69	-
Carriage outwards	145.73	114.50
Commission on sales	84.02	59.55
Other selling expenses	11.50	17.13
Business promotion and advertisement	118.29	92.09
CSR expenditure (refer note no. 26)	46.07	43.98
Donations	1.50	3.07
Miscellaneous expenses	2.02	2.83
Total	4,060.37	3,235.49

23A. Finance Income

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest income on		
Security deposits at amortised cost	1.38	0.72
Electricity deposits and others	7.23	6.35
Total	8.61	7.07

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

23B. Finance costs

Particulars	For the year ended	For the year ended
	March 31, 2019	March 31, 2018
Interest		
- on term loans	193.75	109.64
- on working capital loans	522.04	534.87
- on others	6.67	9.67
Total interest expense	722.46	654.18
Bank charges	20.55	33.10
Exchange differences to the extent considered as an adjustment to finance costs	115.31	67.12
Total	858.32	754.40

24. Components of other comprehensive income (OCI)

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

Particulars	For the year ended	For the year ended
	March 31, 2019	March 31, 2018
Remeasurement gains/(losses) on defined benefit plans	(36.44)	0.28
Deferred tax on remeasurement of defined benefit plans	12.73	(0.10)
Fair value movements on cash flow hedges	(10.74)	-
Deferred tax on fair value movements on cash flow hedges	3.75	-
Total	(30.70)	0.18

25. Earnings per share (EPS)

Particulars	For the year ended	For the year ended
	March 31, 2019	March 31, 2018
The following reflects the profit and share data used in the basic and diluted EPS computations:		
Profit available for equity shareholders	949.94	1,731.39
Weighted average number of equity shares in computing basic EPS	106,244,957	105,900,117
Add: Effect of dilution		
Stock options granted under ESOP	272,393	445,130
Weighted Average number of Equity Shares in computing diluted earnings per share	106,517,350	106,345,247
Face value of each equity share (₹)	10.00	10.00
Earnings per share		
- Basic (₹)	8.94	16.35
- Diluted (₹)	8.92	16.28

26. Details of CSR expenditure

As per the requirement of the Companies Act, 2013, gross amount required to be spent by the Company during the year is ₹ 44.37 (March 31, 2018 : ₹ 33.28)

CSR Activities	For the year ended March 31, 2019		
	In cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset	-	-	-
	(-)	(-)	(-)
(ii) On purposes other than (i) above	46.07	-	46.07
	(43.98)	(-)	(43.98)

Amounts in bracket indicate previous year numbers

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

27. Taxes

(a) Income tax expense:

The major components of income tax expenses for the year ended March 31, 2019 and for the year ended March 31, 2018 are:

(i) Statement of Profit and Loss

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Current tax	248.32	529.69
Deferred tax credit	13.93	147.99
Total income tax expense recognised in Statement of Profit and Loss	262.25	677.68

(ii) Other comprehensive income (OCI)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Tax on remeasurement of defined benefit plans	12.73	(0.10)
Tax on fair value movements on cash flow hedges	3.75	-
Total tax recognised in OCI	16.48	(0.10)

(b) Reconciliation of effective tax rate:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit before tax (A)	1,212.19	2,409.07
Enacted tax rate in India (B)	34.944%	34.608%
Expected tax expenses (C = A*B)	423.59	833.73
Permanent Difference		
Weighted deduction under section 35(2AB) under the Income Tax Act, 1961	(385.64)	(370.06)
Deduction under section 32AD of the Income Tax Act, 1961	(29.54)	(256.61)
Expenses disallowed under Income Tax Act, 1961	48.82	49.60
Adjustment for taxes with respect to earlier years	(72.79)	44.37
Business combination adjustment (refer note no. 42)	-	62.87
Others	(22.55)	18.91
Total (D)	(461.70)	(450.92)
Profit after adjusting permanent difference	750.49	1,958.15
Expected tax expense	262.25	677.68
Total Tax expense	262.25	677.68
Effective Tax rate	21.63%	28.13%

(c) The details of component of deferred tax assets are given under note 6.

(d) During the year ended March 31, 2019, the Company has paid dividend to its shareholders. This has resulted in payment of dividend distribution tax (DDT) to the taxation authorities. The Company believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence DDT paid is charged to equity.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

28. Gratuity

Defined Benefit Plans

The Company has a defined benefit gratuity plan and governed by Payment of Gratuity Act, 1972. Every employee who has completed five years or more of service is entitled to a gratuity on departure at 15 days salary for each completed year of service. The scheme is funded through a policy with SBI Life Insurance Company Limited. The following tables summarise net benefit expenses recognised in the Statement of Profit and Loss, the status of funding and the amount recognised in the Balance sheet for the gratuity plan:

Particulars	March 31, 2019	March 31, 2018
A) Net employee benefit expense (recognised in Employee benefits expenses)		
Current service cost	45.81	30.79
Interest cost	10.01	7.55
Expected return on plan assets	(0.23)	(0.10)
Net employee benefit expenses	55.59	38.24
Actual return on plan asset	(0.23)	(0.10)
B) Amount recognised in the Balance Sheet		
Defined benefit obligation	216.17	131.09
Fair value of plan assets	4.55	1.50
	211.62	129.59
C) Changes in the present value of the defined benefit obligation		
Opening defined benefit obligation	131.09	98.37
Current service cost	45.81	30.79
Interest cost	10.01	7.55
Benefits paid	(7.18)	(5.34)
Net actuarial (gains) / losses on obligation for the year recognised under OCI	36.44	(0.28)
Closing defined benefit obligation	216.17	131.09
D) Change in the fair value of plan assets		
Opening fair value of plan assets	1.50	1.88
Actual return on plan assets	0.23	0.10
Contributions	10.00	4.86
Benefits paid	(7.18)	(5.34)
Closing fair value of plan assets	4.55	1.50

The Company expects to contribute ₹ 25.61 to the gratuity fund in the next year (March 31, 2018: ₹ 17.16) against the short term liability of ₹ 25.61 (March 31, 2018: ₹ 17.16) as per the actuarial valuation.

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

Particulars	March 31, 2019	March 31, 2018
Investments with SBI Life Insurance Company Limited	100.00%	100.00%
E) Remeasurement adjustments:		
Financial loss/ (gain) on plan assets	36.44	(0.28)
Remeasurement gains/(losses) recognised in other comprehensive income:	36.44	(0.28)

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

Particulars	March 31, 2019	March 31, 2018
Discount rate	7.60%	7.85%
Expected rate of return on assets	9.05%	9.05%
Salary rise	12.00%	11.00%
Attrition rate	14.00%	14.00%
Infosystems		

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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

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

Expected benefit payments for the year ending:

Year ending	March 31, 2019	March 31, 2018
Year 1	30.16	-
Year 2	27.62	-
Year 3	22.26	0.18
Year 4	21.05	3.80
Year 5	21.40	3.76
Beyond 5 years	97.36	176.92

The average duration of the defined benefit plan obligation at the end of the reporting period is 25.73 years (March 31, 2018: 25.92 years).

(iii) Sensitivity analysis:

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

Particulars	March 31, 2019	March 31, 2018
(a) Effect of 1% change in assumed discount rate on defined benefit obligation		
- 1% increase	(12.94)	(10.57)
- 1% decrease	14.60	12.57
(b) Effect of 1% change in assumed salary escalation rate on defined benefit obligation		
- 1% increase	12.31	8.37
- 1% decrease	(11.83)	(7.73)
(c) Effect of 1% change in assumed attrition rate on defined benefit obligation		
- 1% increase	(2.33)	(4.16)
- 1% decrease	2.57	4.98

(iv) Defined contribution plan

Particulars	March 31, 2019	March 31, 2018
Contribution to Provident Fund	116.50	100.62
Contribution to Superannuation Fund	15.54	13.94

29. Share based payments

ESOP 2011 Scheme

The board of directors/ compensation committee has approved the Laurus Employees Stock Option Scheme (ESOP) 2011 for issue of stock options to eligible employees of the Company effective from September 19, 2011. According to the Scheme, the options granted vest within a period of four years, subject to the terms and conditions specified in the scheme. Options granted shall vest so long as the employee continues to be in the employment of the Company as on the date of vesting. Subject to an employee's continued employment with the Company, options can be exercised any time on or after the date of vesting of options as specified in the respective grants under the Scheme.

ESOP 2016 Scheme

The board of directors/ compensation committee has approved the Laurus Employees Stock Option Scheme (ESOP) 2016 for issue of stock options to eligible employees of the Company effective from June 09, 2016. According to the Scheme, the options granted vest within a period of four years, subject to the terms and conditions specified in the scheme. Options granted shall vest so long as the employee continues to be in the employment of the Company as on the date of vesting. Subject to an employee's continued employment with the Company, options can be exercised any time on or after the date of vesting of options as specified in the respective grants under the Scheme.

ESOP 2018 Scheme

The board of directors/ compensation committee has approved the Laurus Employees Stock Option Scheme (ESOP) 2018 for issue of stock options to eligible employees of the Company. According to the Scheme, the options granted vest within a period of four years, subject to the terms and conditions specified in the scheme. Options granted shall vest so long as the employee continues to be in the employment of the Company as on the date of vesting. Subject to an employee's continued employment with the Company, options can be exercised any time on or after the date of vesting of options as specified in the respective grants under the Scheme. The Scheme has not been implemented pending receipt of regulatory approval.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

Exercise period

Scheme	Grant	Number of options	Year 1 25%	Year 2 25%	Year 3 50%
ESOP 2011	Grant I	553,000	20-Sep-13	20-Sep-14	20-Sep-15
ESOP 2011	Grant II	28,000	19-Sep-14	19-Sep-15	19-Sep-16
ESOP 2011	Grant III	38,500	19-Sep-15	19-Sep-16	19-Sep-17
ESOP 2011	Grant IV	75,500	19-Sep-16	19-Sep-17	19-Sep-18
ESOP 2011	Grant V	185,438	19-Sep-17	19-Sep-18	19-Sep-19
ESOP 2016	Grant I	178,438	01-Jul-18	01-Jul-19	01-Jul-20
ESOP 2016	Grant II	537,150	01-Dec-20	01-Dec-21	01-Dec-22

Scheme	Date of Grant	Number of options Granted *	Exercise price	Weighted Average Fair value of option at grant date
ESOP 2011	September 19, 2011	553,000	10	105.96
ESOP 2011	September 19, 2012	28,000	10	163.94
ESOP 2011	September 19, 2013	38,500	10	175.94
ESOP 2011	September 19, 2014	75,500	10	262.84
ESOP 2011	September 19, 2015	185,438	10	525.65
ESOP 2016	July 01, 2016	178,438	550	84.45
ESOP 2016	December 01, 2018	537,150	292	167.83

* The Company issued bonus shares in the ratio of 3 shares for every 1 share held.

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

Particulars	March 31, 2019	March 31, 2018
	No. of options	No. of options
Outstanding at the beginning of the year	601,000	906,500
Forfeited during the year	35,748	34,000
Exercised during the year	248,252	271,500
Outstanding at the end of the year	317,000	601,000
Weighted average exercise price for all the above options	10	10

The details of activity under the Scheme ESOP 2016 are summarised below:

Particulars	March 31, 2019	March 31, 2018
	No. of options	No. of options
Outstanding at the beginning of the year	642,000	669,500
Granted during the year	537,150	-
Forfeited during the year	34,302	25,500
Exercised during the year	158,748	2,000
Outstanding at the end of the year	986,100	642,000
Weighted average exercise price for all the above options	550	550

For options exercised during the year, the weighted average share price at the exercise date under ESOP 2011 scheme, was ₹ 434.78 per share (March 31, 2018: ₹ 547.65 per share,) and under ESOP 2016 scheme, was ₹ 434.78 per share (March 31, 2018: ₹ 547.65 per share).

The weighted average remaining contractual life for the stock options outstanding under ESOP 2011 scheme as at March 31, 2019 is 1.47 years (March 31, 2018: 2.31 years) and under ESOP 2016 as at March 31, 2019 is 4.25 years (March 31, 2018: 3.26 years). The range of exercise prices for options outstanding under ESOP 2011 scheme as at March 31, 2019 was ₹ 10 (March 31, 2018: ₹ 10) and under ESOP 2016 as at March 31, 2019 was ₹ 550 (March 31, 2018: ₹ 550).

The weighted average fair value of stock options granted during the year under ESOP 2011 scheme was ₹ Nil (March 31, 2018: ₹ nil) and under ESOP 2016 scheme was ₹ 167.83 (March 31, 2018: ₹ Nil). The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

	March 31, 2019						
	ESOP 2011 scheme					ESOP 2016 scheme	
	Grant V	Grant IV	Grant III	Grant II	Grant I	Grant II	Grant I
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.39%	0.39%
Expected volatility	0.00%	0.00%	0.00%	0.00%	0.00%	26.90%	0.00%
Risk-free interest rate	7.71%	8.56%	8.47%	8.01%	8.34%	7.19%	7.03%
Weighted average share price of ₹	533.00	269.97	183.10	171.22	113.15	384.00	514.79
Exercise price of ₹	10.00	10.00	10.00	10.00	10.00	292.00	550.00
Expected life of options granted in years	3.51	3.50	3.50	3.50	3.51	2.50	2.50

	March 31, 2018					
	ESOP 2011 scheme					ESOP 2016 scheme
	Grant V	Grant IV	Grant III	Grant II	Grant I	Grant I
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.39%
Expected volatility	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Risk-free interest rate	7.71%	8.56%	8.47%	8.01%	8.34%	7.03%
Weighted average share price of ₹	533.00	269.97	183.10	171.22	113.15	514.79
Exercise price of ₹	10.00	10.00	10.00	10.00	10.00	550.00
Expected life of options granted in years	3.51	3.50	3.50	3.50	3.51	2.50

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

30. Trade Payables (Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006):

Particulars	March 31, 2019	March 31, 2018
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year	66.40	27.89
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006.	-	-
Total	66.40	27.89

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

31. In accordance with Indian Accounting Standard (Ind AS) 108 on Operating segments, segment information has been given in the consolidated financial statements of the Company, and therefore no separate disclosure on segment information is given in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

32. Research and development

i). Details of Revenue expenditure (expensed as and when incurred):

Particulars	March 31, 2019	March 31, 2018
Cost of materials consumed		
Raw materials consumed	296.76	213.82
Employee benefits expenses		
Salaries, allowances and wages	433.85	387.92
Contribution to provident fund and other funds	28.96	24.49
Staff welfare expenses	40.11	30.74
Other expenses		
Factory maintenance	18.47	12.03
Effluent treatment expenses	2.99	2.27
Power and fuel	38.40	32.79
Product development	200.67	227.94
Testing and analysis charges	4.34	5.24
Rates and taxes	227.94	70.71
Insurance	11.63	8.75
Membership and subscription	20.60	12.90
Consultancy and other professional charges	86.66	31.43
Total	1,411.38	1,061.03

ii). Details of property, plant and equipment *:

Particulars	Buildings	Plant and equipment	Furniture and fixtures	Computers	Total Property, plant and equipment
<u>Gross carrying value</u>					
As at March 31, 2017	58.73	448.68	77.54	0.05	585.00
Additions	-	73.82	-	-	73.82
As at March 31, 2018	58.73	522.50	77.54	0.05	658.82
Additions	37.69	152.67	49.15	8.58	248.09
As at March 31, 2019	96.42	675.17	126.69	8.63	906.91
<u>Depreciation</u>					
As at March 31, 2017	5.28	91.64	20.33	0.05	117.30
Charge for the year	2.64	51.09	6.84	-	60.57
As at March 31, 2018	7.92	142.73	27.17	0.05	177.87
Charge for the year	3.12	58.56	7.36	0.56	69.60
As at March 31, 2019	11.04	201.29	34.53	0.61	247.47
<u>Net carrying value</u>					
As at March 31, 2017	53.45	357.04	57.21	-	467.70
As at March 31, 2018	50.81	379.77	50.37	-	480.95
As at March 31, 2019	85.38	473.88	92.16	8.02	659.44

* For details of pledge, refer note 3.

33. Related party disclosures

Names of related parties and description of relationship

Name of the related party	Relationship
Subsidiary Companies	
i) Laurus Synthesis Inc.	
ii) Sriam Labs Private Limited	
iii) Laurus Holdings Limited *	
iv) Laurus Generics Inc ** (Wholly owned subsidiary of Laurus Holdings Limited)	
v) Laurus Generics GmbH *** (Wholly owned subsidiary of Laurus Holdings Limited)	
Enterprise over which Key Management Personnel exercise significant influence	
i) Laurus Infosystems (India) Private Limited	
Key Management Personnel	

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

Name of the related party	Relationship
i) Dr. C. Satyanarayana	Whole time director & Chief Executive Officer
ii) Dr. Raju S Kalidindi ^	Executive Director
iii) Mr. V.V. Ravi Kumar	Executive Director & Chief Financial Officer
iv) Mr. C. Chandrakanth	Executive Director
v) Dr. C.V.Lakshmana Rao ^^	Executive Director
vi) Mr. Ramesh Subrahmanian	Independent Director
vii) Mrs. Aruna Rajendra Bhinge	Independent Director
viii) Mr. Rajesh Chandy	Independent Director
ix) Dr. M.Venu Gopala Rao	Independent Director
x) Dr. Ravindranath K	Independent Director
xi) Mr. G Venkateswar Reddy	Company Secretary
Relatives of Key Management Personnel	
i) Mr. C. Narasimha Rao	Brother of Dr. C. Satyanarayana
ii) Mr. C. Chandrakanth	Son-in-Law of Dr. C. Satyanarayana
iii) Mr. C. Krishna Chaitanya	Son of Dr. C. Satyanarayana
iv) Mrs. C. Soumya	Daughter of Dr. C. Satyanarayana

* Effective from July 10, 2017

** Effective from August 07, 2017

*** Effective from April 06, 2018

^ Resigned with effective from March 08, 2018

^^ Key Management Personnel effective from March 08, 2018

Transactions during the year:

	March 31, 2019	March 31, 2018
a) Subsidiary Companies		
i) Laurus Synthesis Inc.		
Product development expenses	80.16	106.14
Business promotion	34.60	49.97
Purchase of goods	0.57	-
Advances given (net)	20.51	30.26
Loan given	78.24	-
Loan repaid	78.24	-
ii) Sriam Labs Private Limited		
Conversion charges	12.44	19.02
Purchase of goods	90.19	212.58
Sale of goods	68.09	40.98
Slump sale consideration paid (refer note no. 42)	-	423.79
iii) Laurus Holdings Limited		
Investments made	65.73	12.17
Business promotion	21.59	-
b) Step-down subsidiary companies		
i) Laurus Generics Inc		
Sale of goods	50.58	2.61
ii) Laurus Generics GmbH		
Product filing fee	6.46	-
c) Enterprise over which Key Management Personnel exercise significant influence		
i) Laurus Infosystems (India) Private Limited		
Purchase of software	3.50	2.44
Software maintenance	12.24	12.33

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

	March 31, 2019	March 31, 2018
d) Key Management Personnel		
i) Dr. C. Satyanarayana		
Remuneration	72.65	118.87
ii) Dr. Raju S Kalidindi		
Remuneration	-	24.45
iii) Mr. V.V. Ravi Kumar		
Remuneration	20.43	26.02
Rent	0.83	0.76
iv) Mr. C. Chandrakanth		
Remuneration	10.91	13.91
v) Dr. C.V.Lakshmana Rao		
Remuneration	8.89	0.81
vi) Mr. Amal Ganguli		
Independent directors fee	-	0.37
vii) Mr. Ramesh Subrahmanian		
Independent directors fee	3.00	2.87
Sitting fee	0.65	0.70
viii) Mrs. Aruna Rajendra Bhinge		
Independent directors fee	2.00	2.00
Sitting fee	0.60	0.70
ix) Mr. Rajesh Chandy		
Independent directors fee	2.79	2.59
Sitting fee	0.50	0.50
x) Dr. M.Venu Gopala Rao		
Independent directors fee	2.00	1.74
Sitting fee	0.55	0.45
xi) Dr. Ravindranath K		
Independent directors fee	2.00	1.74
Sitting fee	0.25	0.20
xii) Mr. G.Venkateswar Reddy		
Remuneration	4.57	4.03
e) Relatives of Key Management Personnel		
i) Mr. C. Narasimha Rao		
Remuneration	5.96	5.24
ii) Mr. C. Krishna Chaitanya		
Remuneration	6.34	5.17
iii) Mrs. C. Soumya		
Rent	1.67	1.52
Closing balances (Unsecured)		
a) Subsidiary Companies		
i) Laurus Synthesis Inc.		
Disclosed under other current assets	20.51	30.26
ii) Sriam Labs Private Limited		
Disclosed under other current assets	146.06	79.34
iii) Laurus Holdings Limited		
Trade payables	2.34	-
b) Step-down subsidiary Companies		
i) Laurus Generics Inc.		
Disclosed under other current assets	-	6.47
Trade receivable	49.57	2.61
ii) Laurus Generics GmbH		
Trade payables	1.58	-

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

	March 31, 2019	March 31, 2018
c) Enterprise over which Key Management Personnel exercise significant influence		
i) Laurus Infosystems (India) Private Limited		
Trade payables	0.08	0.16
d) Key Management Personnel		
i) Dr. C. Satyanarayana		
Remuneration payable	-	52.80
ii) Dr. Raju S Kalidindi		
Remuneration payable	-	6.98
iii) Mr. V.V. Ravi Kumar		
Remuneration payable	-	7.45
Rent payable	0.06	0.06
iv) Mr. C. Chandrakanth		
Remuneration payable	-	4.00
v) Dr. C.V.Lakshmana Rao		
Remuneration payable	-	0.24
vi) Mr. G.Venkateswar Reddy		
Remuneration payable	0.80	0.58
e) Relatives of Key Management Personnel		
i) Mr. C. Narasimha Rao		
Remuneration payable	1.18	0.96
ii) Mr. C. Krishna Chaitanya		
Remuneration	1.05	0.77
iii) Mrs. C. Soumya		
Rent Payable	0.12	0.12

The advance given to subsidiaries are in the nature of trade advances against orders for supply of goods & services and accordingly disclosures on maximum amount of loans/ advances/ investments during the year as required under regulation 53 (f) read with para A of Schedule V of Securities And Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 has not been disclosed.

The Company has provided guarantees for ₹ 538.34 (March 31, 2018: ₹ 420.09) in the form of Standby Letter of Credit (SBLC) to Citi Bank NA and Corporate guarantee to Andhra Bank for the loans obtained by Laurus Synthesis Inc. and Sriam Labs Private Limited respectively, which were be utilised for business purposes.

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

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. Outstanding balances at the year-end are unsecured.

34. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

(A) Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

(i) Lease commitments - the Company as lessor

The Company has entered into agreements to manufacture and supply API and intermediates produced at a dedicated blocks located at Unit-1 and Unit-5 constructed exclusively for the lessee. The Company has identified assets under operating and finance lease based on the factors indicated under Appendix C to Ind AS 17 and terms of the agreement, viz., economic life of the asset vs. lease term, ownership of the asset after the lease term.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

(ii) Lease commitments - the Company as lessee

The Company has entered into leases for land and office premises. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the land and office premises and the fair value of the asset, that it does not retain significant risks and rewards of ownership of the land and the office premises and accounts for the contracts as operating leases.

(iii) Taxes

The Company has a Minimum Alternate Tax (MAT) credit of ₹ 1,756.73 as on March 31, 2019 (March 31, 2018: ₹ 1,546.39). The Company recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. The Company based on its future projections of profit believes that the MAT credit would be utilized from financial year 2019-20.

(B) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(i) Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimation requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The Black Scholes valuation model has been used by the Management for share-based payment transactions. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 29.

(ii) Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is

required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(iii) Defined employee benefit plans (Gratuity)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries.

Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries. Further details about gratuity obligations are given in Note 28.

(iv) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow ('DCF') model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See note 37 and 38 for further disclosures.

(v) Depreciation on property, plant and equipment

Depreciation on property, plant and equipment is calculated on a straight-line basis using the rates arrived at based on the useful lives and residual values of all its property, plant and equipment estimated by the management. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of property, plant and equipment, though these rates in

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

certain cases are different from lives prescribed under Schedule II of the Companies Act, 2013.

(vi) Impairment of investments

The Company reviews its carrying value of investments annually, or more frequently when there is an indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

The recoverable amounts have been determined based on value in use calculations which uses cash flow projections covering generally a period of five years (which are based on key assumptions such as margins, expected growth rates based on past experience and Management's expectations/ extrapolation of normal increase/ steady terminal growth rate) and appropriate discount rates that reflects current market assessments of time value of money and risks specific to these investments. The cash flow projections included estimates for five years developed using internal forecasts and terminal growth rate thereafter. The management believes that any reasonable possible change in key assumptions on

which recoverable amount is based is not expected to cause the aggregate carrying amount to exceed the aggregate recoverable amount of the investments.

35. Hedging activities and derivatives

Derivatives designated as hedging instruments

The Company uses foreign currency denominated borrowings and foreign exchange forward contracts to manage some of its transaction exposures. The Company classifies its derivative financial instruments that hedge foreign currency risk associated with highly probable forecasted transactions as cash flow hedges and measures them at fair value. The effective portion of such cash flow hedges is recorded in the Company's hedging reserve as a component of equity and re-classified to the Statement of Profit and Loss as revenue in the period corresponding to the occurrence of the forecasted transactions.

The ineffective portion of such cash flow hedges is recorded in the Statement of Profit and Loss immediately. All outstanding forward contracts have maturity period of less than twelve months. Refer note no. 38(d) for disclosure on hedges of highly probable forecasted transactions.

36. Fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments:

	Carrying value		Fair value	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Financial assets at fair value through profit & loss:				
Investments	34.05	34.05	34.05	34.05
Financial assets at amortised cost:				
Loans	4.17	8.26	4.17	8.26
Deposits and others	478.73	416.62	478.73	416.62
Trade receivables	6,866.42	5,551.35	6,866.42	5,551.35
Cash and cash equivalents	5.16	8.66	5.16	8.66
Other balances with banks	0.53	0.53	0.53	0.53
Financial liabilities at amortised cost:				
Borrowings (Non-current and current)	10,093.23	9,474.47	10,093.23	9,474.47
Interest accrued	39.67	26.55	39.67	26.55
Trade payables	4,774.03	3,068.10	4,774.03	3,068.10
Capital creditors and others	638.46	642.40	638.46	642.40
Financial liabilities at fair value through profit and loss:				
Derivative contracts	9.44	0.73	9.44	0.73
Financial liabilities at fair value through OCI				
Hedges of highly probable forecasted transactions	10.74	-	10.74	-

The management assessed that cash and cash equivalents, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Further, the management has assessed that fair value of borrowings approximate their carrying amounts largely since they are carried at floating rate of interest.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

37. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at March 31, 2019:

Particulars	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
			(Level 1)	(Level 2)	(Level 3)
Financial assets at fair value through profit and loss:					
Investments	March 31, 2019	34.05	-	34.05	-
Financial liabilities at fair value through profit and loss:					
Derivative financial instruments	March 31, 2019	9.44	-	9.44	-
Financial liabilities at fair value through OCI:					
Hedges of highly probable forecasted transactions	March 31, 2019	10.74	-	10.74	-

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at March 31, 2018:

Particulars	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
			(Level 1)	(Level 2)	(Level 3)
Financial assets at fair value through profit and loss:					
Investments	March 31, 2018	34.05	-	34.05	-
Financial liabilities at fair value through profit and loss:					
Derivative financial instruments	March 31, 2018	0.73	-	0.73	-

Measurement of fair value

Valuation techniques

The following table shows the valuation techniques used in measuring Level 2 fair values for assets and liabilities carried at fair value through profit or loss.

Type	Valuation technique
Assets measured at fair value:	
Investments	The fair value is determined based on value per share derived from net worth of the Company as at the reporting date.
Liabilities measured at fair value:	
Derivative financial instruments	The fair value is determined using quoted forward exchange rates at the reporting date.

38. Financial risk management objectives and policies

Financial risk management framework

The Company is exposed primarily to credit risk, liquidity risk and market risk (fluctuations in foreign currency exchange rates and interest rate), which may adversely impact the fair value of its financial instruments. The Company assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company.

A Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk, except for trade receivables.

Trade receivables:

The customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on the individual credit limits are defined in accordance with this assessment and outstanding customer receivables are regularly monitored. Of the trade

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

receivables balance, ₹ 3,687.44 in aggregate (as at March 31, 2018 ₹ 2,997.24) is due from the Company's customers individually representing more than 5 % of the total trade receivables balance and accounted for approximately 54 % (March 31, 2018: 54 %) of all the receivables outstanding. The Company's receivables turnover is quick and historically, there was no significant defaults on account of those customer in the past. Ind AS requires an entity to recognise in profit or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised in accordance with Ind AS 109. The Company assesses at each date of statements of financial position whether a financial asset or a group of financial assets is impaired. Expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account

historical credit loss experience and adjusted for forward-looking information.

Before accepting any new customer, the Company uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed on periodic basis. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix.

Exposure to credit risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 6,866.42, (March 2018: ₹ 5,551.35), being the total of the carrying amount of balances with trade receivables.

B Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities

and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

Particulars	Up to 1 Year	1 to 3 years	3 to 5 years	> 5 years	Total
March 31, 2019:					
Non-current borrowings (including current maturities)	929.79	2,586.60	-	-	3,516.39
Current borrowings	6,576.84	-	-	-	6,576.84
Interest payable	39.67	-	-	-	39.67
Trade payables	4,774.03	-	-	-	4,774.03
Other payables	638.46	-	-	-	638.46
	12,958.79	2,586.60	-	-	15,545.39
March 31, 2018:					
Non-current borrowings (including current maturities)	797.31	1,069.31	347.28	-	2,213.90
Current borrowings	7,260.57	-	-	-	7,260.57
Interest payable	26.55	-	-	-	26.55
Trade payables	3,068.10	-	-	-	3,068.10
Other payables	642.40	-	-	-	642.40
	11,794.93	1,069.31	347.28	-	13,211.52

C Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. In order to optimize the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

Interest rate sensitivity

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

	Change in basis points		Effect on profit before tax	
	Increase	Decrease	Decrease	Increase
March 31, 2019				
Indian Rupees	0.50%	0.50%	(39.34)	39.34
US Dollars	0.50%	0.50%	(16.71)	16.71
March 31, 2018				
Indian Rupees	0.50%	0.50%	(37.39)	37.39
US Dollars	0.50%	0.50%	(11.31)	11.31

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

Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar against the functional currencies of the Company. The Company, as per its risk management policy, uses derivative instruments primarily to hedge foreign exchange. The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in line with its risk management policies. The information on derivative instruments is as follows:

a) Forward contract (Derivatives):

Forward contract outstanding as at Balance Sheet date:

March 31, 2019 Buy US \$ 1,76,78,329	Designated as fair value hedge - borrowings
March 31, 2019 Buy US \$ 98,47,306	Designated as fair value hedge - payables
March 31, 2019 Sell US \$ 1,52,00,000	Designated as cash flow hedge - highly probable forecasted transactions (Sales)
March 31, 2018 Buy US \$ 91,81,381	Designated as fair value hedge - borrowings
March 31, 2018 Sell US \$ 950,000	Designated as fair value hedge - receivables

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:

Particulars	Currency	March 31, 2019			March 31, 2018		
		Amount in foreign currency	Amount in ₹	Conversion rate	Amount in foreign currency	Amount in ₹	Conversion rate
Secured loans	USD	23,594,741	1,632.08	69.17	32,125,759	2,089.59	65.04
	EURO	-	-	77.70	5,000,000	403.11	80.62
Interest accrued but not due on borrowings	USD	285,136	19.72	69.17	78,104	5.08	65.04
	EURO	-	-	77.70	877	0.07	80.62
Trade payables	USD	23,389,141	1,617.86	69.17	17,721,645	1,152.69	65.04
	EURO	217,478	16.90	77.70	221,217	17.84	80.62
	GBP	-	-	90.48	5,156	0.48	92.28
	CAD	1,082	0.06	51.91	-	-	50.82

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

Particulars	Currency	March 31, 2019			March 31, 2018		
		Amount in foreign currency	Amount in ₹	Conversion rate	Amount in foreign currency	Amount in ₹	Conversion rate
	CHF	-	-	69.52	25,192	1.72	68.34
	CNY	-	-	10.86	54,907	0.57	10.31
Capital creditors	USD	-	-	69.17	179,327	11.66	65.04
	GBP	-	-	90.48	26,971	2.49	92.28
	EURO	17,848	1.39	77.70	43,759	3.53	80.62
Trade receivables	USD	37,566,477	2,598.52	69.17	28,888,372	1,879.02	65.04
	EURO	4,511,403	350.55	77.70	3,124,351	251.89	80.62
	GBP	6,250	0.57	90.48	4,250	0.39	92.28
	CAD	75,000	3.89	51.91	37,000	1.88	50.82
Cash and cash equivalents*	USD	-	-	69.17	1,245	0.08	65.04
	SGD	-	-	51.22	5,000	0.25	49.83
	EURO	20	0.00	77.70	-	-	-
	ILS	527	0.01	19.07	-	-	-

* Amount less than Indian Rupees 10,000.

c) Foreign currency sensitivity:

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

Particulars	Change in USD rate		Effect on profit before tax	
	Increase	Decrease	Increase/(Decrease)	
March 31, 2019				
USD	1.00%	1.00%	(6.71)	6.71
EURO	1.00%	1.00%	3.32	(3.43)
March 31, 2018				
USD	1.00%	1.00%	(19.52)	19.52
EURO	1.00%	1.00%	(9.01)	9.01

d) Hedges of highly probable forecasted transactions:

In respect of hedges of highly probable forecasted transactions, the Company recorded, as a component of equity, a net loss of ₹ 10.74 for the year ended March 31, 2019 (for the year ended March 31, 2018: ₹ Nil).

The net carrying amount of the Company's "hedging reserve" as a component of equity before adjusting for tax impact is ₹ 10.74 as at March 31, 2019 (as at March 31, 2018: ₹ Nil).

The below table summarises the periods when the cash flows associated with highly probable forecasted transactions that are classified as cash flow hedges are expected to occur.

Particulars	USD Million	
	March 31, 2019	March 31, 2018
Not later than one month	8.00	-
Later than one month and not later than three months	7.20	-
Total	15.20	-

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

39. 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. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company intends to keep the gearing ratio between 0.5 to 1.5. The Company includes within net debt, borrowings including interest accrued on borrowings less cash and short-term deposits.

Particulars	March 31, 2019	March 31, 2018
Borrowings including interest accrued on borrowings (Note 13)	10,132.90	9,501.02
Less: Cash and cash equivalents; other balances with banks (Note 10A & 10B)	(5.69)	(9.19)
Net debt	10,127.21	9,491.83
Equity	1,064.37	1,060.30
Other equity	14,844.61	14,072.66
Total equity	15,908.98	15,132.96
Gearing ratio (Net debt/ Total equity)	0.64	0.63

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2019.

40. Commitments and Contingencies

a. Leases

Operating and finance lease commitments - Company as lessor

The Company has entered into agreement to manufacture and supply intermediates produced at a dedicated block constructed exclusively for the lessee. The Company has identified assets under operating and finance lease based on the factors indicated under Appendix C to Ind AS 17 and terms of the agreement, viz., economic life of the asset vs. lease term, ownership of the asset after the lease term. This lease term of assets under operating lease is upto 10 years.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

	March 31, 2019	March 31, 2018
Within one year	38.92	38.96
After one year but not more than five years	155.68	155.85
More than five years	638.80	677.51

Future minimum rentals receivable under non-cancellable finance leases are as follows:

	March 31, 2019	March 31, 2018
Within one year	163.25	163.47
After one year but not more than five years	540.92	607.65
More than five years	113.44	209.74

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

Operating lease commitments - Company as lessee

The company has entered into operating leases agreement on Land, with lease terms between 33-51 years. Also, the Company has taken certain office premises on leases, with lease term of 5 years and is renewable for further periods. There are escalation clauses in the office premises lease agreement to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

	March 31, 2019	March 31, 2018
In case of land taken on lease		
Lease payment recognised in the Statement of Profit and Loss	11.86	10.56
Minimum lease payments under non cancellable operating leases payable:		
Within one year	11.86	10.92
After one year but not more than five years	47.44	43.69
More than five years	274.35	255.44

b. Commitments

	March 31, 2019	March 31, 2018
Estimated amount of contracts remaining to be executed on capital account and not provided for	429.79	732.35

c. Contingent liabilities

	March 31, 2019	March 31, 2018
(i) Outstanding bank guarantees (excluding performance obligations)	138.44	191.08
(ii) Bills discounted	443.35	455.96
(iii) Claims arising from disputes not acknowledged as debts - direct taxes*	66.16	10.10
(iv) Claims arising from disputes not acknowledged as debts - indirect taxes	304.33	265.28
(v) On account of provident fund liability	75.74	-
(vi) Corporate guarantees	538.34	420.09

* Include amount of ₹ 56.06 mn for which the assessing officer has disallowed an amount of ₹ 169.88 mn for the assessment year 2016-17 which may result in reduction of mat credit entitlement.

41. Expenditure during construction period (pending allocation)

	March 31, 2019	March 31, 2018
Opening balance	-	0.69
Less:	-	-
Capitalised during the year	-	0.69
	-	-

42. Business combination

Acquisition during the year ended March 31, 2018

The Company acquired the existing assets and liabilities of an API unit located at Visakhapatnam of Sriam Labs Private Limited, a wholly owned subsidiary of the Company, on a slump sale basis w.e.f. December 01, 2017. The Company accounted for the business combination in accordance with the requirement of Appendix C of Ind AS 103 Business Combination which lays down the principles in respect of accounting for business combinations of entities or businesses under common control. As required by the standard, pooling of interest method has been considered for common control business combination and accordingly, the assets and liabilities are reflected in the books of the Company at their respective carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

In accordance with the requirement of Appendix C of Ind AS 103 Business Combination, the financial information in the financial statements in respect of prior periods has been restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. Accordingly the financial statements have been restated from the date of business combination i.e. November 01, 2016 and consequently, year ended March 31, 2018 include the results of the aforementioned business acquired.

Assets acquired and liabilities assumed

The carrying values of the identifiable assets and liabilities of the said unit of Sriam Labs Private Limited as at the date of acquisition were:

	December 01, 2017
Non-current assets	
Property, plant and equipment	591.01
Financial Assets	
Investments	6.75
Security deposits	5.72
Current assets	
Inventories	20.10
Other current assets	33.90
Total assets (A)	657.48
Non-current liabilities	
Financial liabilities	
Borrowings	231.87
Provisions	1.44
Current liabilities	
Other current liabilities	0.38
Total liabilities (B)	233.69
Total identifiable net assets at carrying value (C=A-B)	423.79
Total purchase consideration transferred	423.79

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

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
ICAI Firm
Registration Number : 117366W/W-100018

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

Ganesh Balakrishnan
Partner
Membership No. 201193

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

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

Place: Hyderabad
Date: May 02, 2019

Place: Hyderabad
Date: May 02, 2019

G.Venkateswar Reddy
Company Secretary

INDEPENDENT AUDITOR'S REPORT

To The Members of
Laurus Labs Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Laurus Labs Limited ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements / financial information of the subsidiaries, referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2019, and their consolidated profit, their consolidated total comprehensive income, their consolidated

changes in equity and their consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to below in the Other Matters paragraph, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter

Revenue recognition - Refer note 17 of the consolidated financial statements

The Parent recognises revenue from sale of API, Intermediates and Formulations based on the terms and conditions of transactions which varies with different customers.

For sale transactions in a certain period of time around the Balance Sheet date, it is essential to ensure that the control of the goods have been transferred to the customers. As revenue recognition is subject to management's judgement on whether the control of the goods have been transferred, we consider cut-off of revenue as a key audit matter.

Auditor's Response

Principal audit procedures:

We obtained an understanding of the revenue recognition process and tested the Parent's controls around the timely and accurate recording of sales transactions.

We have obtained an understanding of a sample of customer contracts.

We tested the access and change management controls of the relevant information technology system in which shipments are recorded.

Our test of revenue samples focused on sales recorded immediately before the year-end, obtaining evidence to support the appropriate timing of revenue recognition, based on terms and conditions set out in sales contracts and delivery documents.

Information Other than the Financial Statements and Auditor's Report Thereon

The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Report on Corporate Governance and Business Responsibility Report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries, audited by the other auditors, to the extent it relates to these subsidiaries and, in doing so, place reliance on the work of the

INDEPENDENT AUDITOR'S REPORT CONTD.

other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries, is traced from their financial statements audited by the other auditors.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs

will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the subsidiaries within the Group to express an opinion on the consolidated financial statements. For the subsidiaries included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for

the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements / financial information of five subsidiaries, whose financial statements / financial information reflect total assets of ₹ 807.26 million as at 31 March, 2019, total revenues of ₹ 922.34 million and net cash inflows amounting to ₹ 3.15 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements/ financial information subsidiaries, referred to in the Other Matters section above we report, to the extent applicable that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements and
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors of the Parent as on 31 March, 2019 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies, is disqualified as on 31 March, 2019 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent, subsidiary companies, incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during

INDEPENDENT AUDITOR'S REPORT CONTD.

the year is in accordance with the provisions of section 197 of the Act.

h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
- ii) The Group, did not have any material foreseeable losses on long-term contracts including derivative contracts.

- iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary company incorporated in India.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Ganesh Balakrishnan
Partner
(Membership No. 201193)

Place: Hyderabad
Date: May 2, 2019

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of Laurus Labs Limited (hereinafter referred to as "Parent") and its subsidiary company, which is company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent and its subsidiary company, which is company incorporated in India,

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

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

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

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

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

of the Parent and its subsidiary company, which is company incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Parent and its subsidiary company, which is company incorporated in India, have, 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, 2019, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to one subsidiary company, which is company incorporated in India, is based solely on the corresponding reports of the auditors of such company incorporated in India.

Our opinion is not modified in respect of the above matters.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants
(Firm’s Registration No. 117366W/W-100018)

Ganesh Balakrishnan

Partner
(Membership No. 201193)

Place: Hyderabad
Date: May 2, 2019

CONSOLIDATED BALANCE SHEET

as at 31st March, 2019

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

	Notes	March 31, 2019	March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3	16,071.99	14,638.98
Capital work-in-progress	3	1,096.32	1,631.80
Goodwill	4	97.39	97.39
Other intangible assets	4	121.31	71.58
Financial assets			
Investments	5A	34.05	34.05
Other financial assets	5C	293.80	238.55
Deferred tax assets (net)	6	533.83	528.97
Income tax assets (net)	16A	16.00	10.00
Other non-current assets	7A	417.58	439.97
Total non-current assets		18,682.27	17,691.29
Current assets			
Inventories	8	6,819.37	5,847.82
Financial assets			
Trade receivables	9	7,099.40	5,705.87
Cash and cash equivalents	10A	29.68	30.04
Other balances with banks	10B	0.53	0.53
Loans	5B	4.17	8.26
Other financial assets	5C	209.75	205.15
Other current assets	7B	466.68	678.24
Total current assets		14,629.58	12,475.91
Total assets		33,311.85	30,167.20
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	1,064.37	1,060.30
Other equity		14,519.70	13,766.09
Total equity		15,584.07	14,826.39
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	13A	2,587.13	1,416.59
Provisions	15A	300.45	208.39
Other non-current liabilities	14A	601.16	646.97
Total non-current liabilities		3,488.74	2,271.95
Current liabilities			
Financial liabilities			
Borrowings	13B	6,842.05	7,585.17
Trade payables			
-total outstanding dues of micro enterprises and small enterprises	13C	70.37	27.89
-total outstanding dues of creditors other than micro enterprises and small enterprises	13C	4,812.75	3,095.38
Current maturities and other financial liabilities	13D	1,638.74	1,474.93
Other current liabilities	14B	806.21	837.65
Provisions	15B	64.66	44.74
Income tax liabilities (net)	16B	4.26	3.10
Total current liabilities		14,239.04	13,068.86
Total - equity and liabilities		33,311.85	30,167.20
Summary of significant accounting policies	2.2		

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

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
ICAI Firm
Registration Number : 117366W/W-100018

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

Ganesh Balakrishnan
Partner
Membership No. 201193

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

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

Place: Hyderabad
Date: May 02, 2019

Place: Hyderabad
Date: May 02, 2019

G.Venkateswar Reddy
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2019

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

	Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
I. INCOME			
Revenue from operations	17	22,919.16	20,690.03
Other income	18	152.64	284.31
Total income (I)		23,071.80	20,974.34
II. EXPENSES			
Cost of materials consumed	19	12,452.47	10,613.94
Purchase of traded goods		223.80	270.15
Changes in inventories of finished goods, work-in-progress and stock-in-trade	20	(319.87)	(247.04)
Excise duty		-	128.33
Employee benefits expenses	21	2,892.04	2,580.47
Other expenses	22	4,110.90	3,210.98
Total expenses (II)		19,359.34	16,556.83
III. Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) (I-II)		3,712.46	4,417.51
Depreciation and amortisation	3 & 4	1,641.92	1,254.53
Finance income	23A	(8.88)	(7.62)
Finance costs	23B	881.90	796.44
IV. Profit before tax		1,197.52	2,374.16
V. Tax expense	27		
Current tax		248.32	528.47
Deferred tax		11.56	169.59
Total tax expense		259.88	698.06
VI. Profit for the year (IV-V)		937.64	1,676.10
Other comprehensive income (OCI)	24		
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement gains/(losses) on defined benefit plans		(36.19)	1.07
Tax on remeasurement of defined benefit plans		12.67	(0.30)
		(23.52)	0.77
Items that will be reclassified subsequently to profit or loss:			
Fair value movements on cash flow hedges		(10.74)	-
Tax on fair value movements on cash flow hedges		3.75	-
Exchange differences on translating the financial statements of foreign operations		(6.23)	(0.57)
		(13.22)	(0.57)
Total other comprehensive income for the year, net of tax		(36.74)	0.20
Total comprehensive income for the year, net of tax		900.90	1,676.30
Earnings per equity share Rs. 10/- each fully paid (March 31, 2018: Rs. 10/- each fully paid)	25		
Computed on the basis of total profit for the year			
Basic (₹)		8.83	15.83
Diluted (₹)		8.80	15.76
Summary of significant accounting policies	2.2		

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

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
ICAI Firm
Registration Number : 117366W/W-100018

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

Ganesh Balakrishnan
Partner
Membership No. 201193

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

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

Place: Hyderabad
Date: May 02, 2019

Place: Hyderabad
Date: May 02, 2019

G.Venkateswar Reddy
Company Secretary

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2019

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

a. Equity share capital

Equity shares of Rs.10 each, fully paid up	No.	₹
As at March 31, 2017	105,756,249	1,057.56
Issued during the year	273,500	2.74
As at March 31, 2018	106,029,749	1,060.30
Issued during the year	407,000	4.07
At March 31, 2019	106,436,749	1,064.37

b. Other equity

Particulars	Reserves and surplus				Other comprehensive income			Total
	Capital reserve	Securities Premium	Employee Stock option	Retained Earnings	Effective portion of cash flow hedge	Re-measurement gains or losses on employee defined benefit plans	Foreign currency translation reserve	
At March 31, 2017	17.92	6,703.54	58.53	5,480.14	-	(19.84)	6.63	12,246.92
Profit for the year	-	-	-	1,676.10	-	-	-	1,676.10
Expense arising from equity-settled share-based payment transactions	-	-	33.55	-	-	-	-	33.55
Transferred from stock options outstanding	-	33.78	(33.53)	-	-	-	-	0.25
- Final dividend on equity shares (refer note no. 12)	-	-	-	(158.63)	-	-	-	(158.63)
- Tax on final dividend on equity shares (refer note no. 12)	-	-	-	(32.29)	-	-	-	(32.29)
Foreign currency translation reserve	-	-	-	-	-	-	(0.57)	(0.57)
Re-measurement gains or losses on employee defined benefit plans	-	-	-	-	-	0.77	-	0.77

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2019

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

Particulars	Reserves and surplus				Other comprehensive income			Total
	Capital reserve	Securities Premium	Employee Stock option	Retained Earnings	Effective portion of cash flow hedge	Re-measurement gains or losses on employee defined benefit plans	Foreign currency translation reserve	
At March 31, 2018	17.92	6,737.32	58.55	6,965.31	-	(19.07)	6.06	13,766.09
Profit for the year	-	-	-	937.64	-	-	-	937.64
Expense arising from equity-settled share-based payment transactions	-	-	24.20	-	-	-	-	24.20
Transferred from stock options outstanding	-	49.32	(29.08)	-	-	-	-	20.24
- Final dividend on equity shares	-	-	-	(159.04)	-	-	-	(159.04)
- Tax on final dividend on equity shares	-	-	-	(32.69)	-	-	-	(32.69)
Foreign currency translation reserve	-	-	-	-	-	-	(6.23)	(6.23)
Effective portion of cash flow hedge	-	-	-	-	(6.99)	-	-	(6.99)
Re-measurement gains or losses on employee defined benefit plans	-	-	-	-	-	(23.52)	-	(23.52)
At March 31, 2019	17.92	6,786.64	53.67	7,711.22	(6.99)	(42.59)	(0.17)	14,519.70

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

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
ICAI Firm
Registration Number : 117366W/W-100018

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

Ganesh Balakrishnan
Partner
Membership No. 201193

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

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

Place: Hyderabad
Date: May 02, 2019

Place: Hyderabad
Date: May 02, 2019

G.Venkateswar Reddy
Company Secretary

CONSOLIDATED STATEMENT OF CASH FLOW

for the year ended March 31, 2019

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

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit before tax	1,197.52	2,374.16
Cash flows from operating activities		
Adjustments for :		
Depreciation of property, plant and equipment	1,604.98	1,219.26
Amortisation of intangible assets	36.94	35.27
Loss on sale of fixed assets (net)	7.94	5.20
Interest income	(8.88)	(7.62)
Interest expenses	857.61	760.85
Share based payment expense	24.20	33.55
Net loss/(gain) on foreign exchange fluctuations (unrealised)	45.90	85.06
Allowance for/(reversal of) bad and doubtful advances and receivables	2.95	9.30
Provisions no longer required written back	(94.70)	(37.41)
Gratuity and compensated absences	75.79	61.26
Operating profit before working capital changes	3,750.25	4,538.88
Movement In working capital:		
Increase in inventories	(969.03)	(757.37)
(Increase)/decrease in trade receivables	(1,492.86)	21.14
(Increase)/decrease in financial and non-financial assets	137.63	(344.45)
Increase in trade payables	1,861.70	483.29
Increase/(decrease) in financial, non-financial liabilities and provisions	(57.81)	102.60
Cash generated from operations	3,229.88	4,044.09
Income tax paid	(253.25)	(619.15)
Net cash flows from operating activities (A)	2,976.63	3,424.94
Cash flows used in investing activities		
Purchase of property, plant and equipment, including intangible assets, capital work in progress and capital advances	(2,542.62)	(3,911.12)
Proceeds from sale of property, plant and equipment	5.03	0.11
Movement in other bank balances	(0.04)	61.87
Interest received	8.88	7.62
Net cash flows used in investing activities (B)	(2,528.75)	(3,841.52)

CONSOLIDATED STATEMENT OF CASH FLOW

for the year ended March 31, 2019

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

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Net cash flows (used in)/ from financing activities		
Proceeds from exercise of employee stock options	24.31	2.74
Repayment of long - term borrowings	(818.54)	(1,072.54)
Proceeds from long - term borrowings	2,082.54	1,313.38
Proceeds from short - term borrowings (net)	(699.83)	1,131.16
Dividend paid	(159.04)	(158.64)
Tax on dividend	(32.69)	(32.29)
Interest paid	(844.46)	(761.38)
Net cash flows from / (used in) financing activities (C)	(447.71)	422.43
Net decrease in cash and cash equivalents (A+B+C)	0.17	5.85
Effect of exchange differences on cash and cash equivalents	(0.53)	(0.04)
Cash and cash equivalents at the beginning of the year	30.04	24.23
Cash and cash equivalents at the year end	29.68	30.04
Components of cash and cash equivalents:		
Cash on hand	1.12	2.11
Balances with banks		
On current accounts	28.09	24.34
On deposit accounts	0.47	3.59
Total cash and cash equivalents	29.68	30.04

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

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
ICAI Firm
Registration Number : 117366W/W-100018

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

Ganesh Balakrishnan
Partner
Membership No. 201193

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

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

Place: Hyderabad
Date: May 02, 2019

Place: Hyderabad
Date: May 02, 2019

G.Venkateswar Reddy
Company Secretary

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

1. Corporate information

The consolidated financial statements comprise financial statements of Laurus Labs Limited (the 'Company') and its subsidiaries (collectively, the 'Group') for the year ended March 31, 2019. The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The Company's shares are listed on BSE Limited and National Stock Exchange of India Limited in India. The registered office of the company is located at Plot no. 21, Jawaharlal Nehru Pharma city, Parawada, Vishakhapatnam, Andhra Pradesh, India - 531201.

The Group is principally engaged in offering a broad and integrated portfolio of Active Pharmaceuticals Ingredients (API) including intermediates, Generic Finished dosage forms (FDF) and Contract Research services to cater to the needs of the global pharmaceutical industry. Information on the Group's structure is provided in Note 38. Information on other related party relationships of the Group is provided in Note 32.

The consolidated financial statements were authorised for issue in accordance with a resolution of the directors on May 02, 2019.

2. Significant accounting policies

2.1 Basis of preparation

(a) The financial statements of the Group have been prepared in accordance with Indian Accounting Standards ('Ind AS'), under the historical cost except for certain financial instruments which are measured at fair values at the end of each reporting period as explained in the accounting policies below, the provisions of the Companies Act, 2013 ('the Act') (to the extent notified) and guidelines issued by Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued there after.

The consolidated financial statements have been prepared on a historical cost except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in accounting policies below.

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

Basis of consolidation

The Consolidated financial statements comprise the financial statements of the Group as at March 31, 2019 and March 31, 2018.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

The Group has following investments in subsidiaries and associate:

Name of Entity	Principal place of business and Country of Incorporation	Investee relationship		Proportion of ownership interest	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Laurus Synthesis Inc.	USA	Subsidiary	Subsidiary	100%	100%
Sriam Labs Private Limited	India	Subsidiary	Subsidiary	100%	100%
Laurus Holdings Limited (refer note 1)	UK	Subsidiary	Subsidiary	100%	100%
Laurus Generics Inc. (refer note 2)	USA	Step-down subsidiary	Step-down subsidiary	100%	100%
Laurus Generics GmbH (refer note 3)	Germany	Step-down subsidiary	Step-down subsidiary	100%	100%

- 1) The Company incorporated wholly owned subsidiary, Laurus Holdings Limited in UK on July 10, 2017 and consolidated the same with effect from January 01, 2018 as the transactions between the period July 10, 2017 to December 31, 2017 were not material.
 - e) When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.
 - 2) The Company, through its wholly owned subsidiary, Laurus Holdings Limited, incorporated step down subsidiary, Laurus Generics Inc., USA on August 07, 2017 and consolidated the same with effect from January 01, 2018 as the transactions between the period August 07, 2017 to December 31, 2017 were not material.
 - A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:
 - Derecognises the assets (including goodwill) and liabilities of the subsidiary
 - Derecognises the carrying amount of any non-controlling interests
 - Derecognises the cumulative translation differences recorded in equity
 - Recognises the fair value of the consideration received
 - Recognises the fair value of any investment retained
 - Recognises any surplus or deficit in profit or loss
 - Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.
 - 3) The Company, through its wholly owned subsidiary, Laurus Holdings Limited, incorporated step down subsidiary, Laurus Generics GmbH., Germany. The incorporation was finalised on April 06, 2018.
- (b) Consolidation procedure:**
- a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries.
 - b) Eliminate the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
 - c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.
 - d) Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests.

2.2 Summary of significant accounting policies

(a) Business combinations and goodwill

In accordance with Ind-AS 101 provisions related to first time adoption, the Group has elected to apply Ind AS accounting for business combinations prospectively from April 01, 2015. As such, Indian GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward with minimal adjustment. Similarly, such first time adoption exemption is also adopted for associate.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration

transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

Any impairment loss for goodwill is recognised in Statement of Profit and Loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

(b) Current versus non-current classification

The Group presents assets and liabilities in the Balance Sheet based on current/ non-current classification. An asset is treated as current when it is:

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

All other assets are classified as non-current.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

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

(c) Foreign currencies

The Group's consolidated financial statements are presented in Indian rupees, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group at its functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the group uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss except with the exception of exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognised in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity, such exchange differences are recognised initially in OCI. These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Group Companies

On consolidation, the assets and liabilities of foreign operations are translated into functional currency at the rate of exchange prevailing at the reporting date and their Statements of Profit or Loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the Group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the date of transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in Statement of Profit and Loss.

(d) Fair value measurement

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

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

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

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

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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

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

(e) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates after taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Group derives revenues primarily from manufacture and sale of Active Pharma Ingredients (API) including intermediates, Generic Finished dosage forms (FDF) and Contract Research services (together called as "Pharmaceuticals")

Effective April 01, 2018, the Group adopted Ind AS 115, Revenue from Contracts with Customers, using the modified retrospective approach. The application of Ind AS 115 did not have any significant impact. The following is summary of new and/or revised significant accounting policies relating to revenue recognition. Refer note no 2.2 "Significant Accounting Policies," in the Company's 2018 annual report for the policies in effect for revenue prior to April 01, 2018. The effect on adoption of Ind AS 115 was insignificant. Further, refer note no. 17 for disaggregate revenues from contracts with customers for the year ended March 31, 2019.

Sale of products

The Group recognises revenue for supply of goods to customers against orders received. The majority of contracts that Group enters into relate to sales orders containing single performance obligations for the delivery of pharmaceutical products as per Ind AS 115. Product revenue is recognised when control of the goods is passed to the customer. The point at which control passes is determined based on the terms and conditions by each customer arrangement, but generally occurs on delivery to the customer. Revenue is not recognised until it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

The Government of India introduced the Goods and Services Tax (GST) with effect from July 01, 2017. Accordingly, 'Revenue', Revenue from operations for the year ended March 31, 2018 includes Excise duty up to June 30, 2017. Revenue from operations of earlier periods included Excise duty which is now subsumed in GST.

Sale of services

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

Interest income

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

Dividends

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

Government grants

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

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

(f) Taxes

Current income tax

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

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

Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries and associate, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries and associate, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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

(g) Property, plant and equipment

Under the previous GAAP (Indian GAAP), property, plant and equipment and capital work in progress were carried in the Balance Sheet at cost of acquisition. The Group has elected to regard those values of property, plant and equipment as deemed cost at the date of the acquisition since there is no change in the functional currency as at April 01, 2015 (date of transition to Ind AS) on the date of transition to Ind AS. The Group has also determined that cost of acquisition or construction at deemed cost as at April 01, 2015 .

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

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

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance or extends its estimated useful life.

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

Factory buildings	:	30 years
Other buildings	:	60 years
Plant and equipment	:	5 to 20 years
Furniture and fixtures	:	10 years
Vehicles	:	4 to 5 years
Computers	:	3 to 6 years

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

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

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

(h) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the

date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Computer Software

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

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

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

(i) Leases

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

Group as a lessee

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

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

Group as a lessor

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

Contingent rents are recognised as revenue in the period in which they are earned.

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

(j) Borrowing costs

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

(k) Inventories

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

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

- Raw materials and packing material: Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.
- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.
- Traded goods and spare parts: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.
- Stores and spares are valued at the lower of cost and net realisable value.

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

(l) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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

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

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

(m) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

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

(n) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

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

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

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through Other comprehensive income ("OCI") in the period in which they occur. Remeasurements are not reclassified to Statement of Profit and Loss in subsequent periods.

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

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

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the Statement of Profit and Loss:

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

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

(o) Share-based payments

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

Equity-settled transactions

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

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

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value.

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

(p) Financial instruments

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

Financial assets:

Initial recognition and measurement

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

Subsequent measurement

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

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

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

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

In addition, the group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a

measurement or recognition inconsistency (referred to as 'accounting mismatch'). The group has not designated any debt instrument as at FVTPL due to recognition inconsistency.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Further, All equity investments in scope of Ind AS 109 are measured at fair value. For equity instruments which are not held for trading, the group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. If the group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the group may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Derecognition

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

measured on a basis that reflects the rights and obligations that the Group has retained.

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

Impairment of financial assets

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

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, deposits and bank balances.
- b) Trade receivables that result from transactions that are within the scope of Ind AS 115.

The Group follows 'simplified approach' for recognition of impairment loss. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

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

- All contractual terms of the financial instrument (including prepayment, extension and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument

- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. On that basis, the Group estimates the following provision matrix at the reporting date:

Receivables past	% of allowance
> 1 year and < 2 years	25 %
> 2 years and < 3 years	50 %
> 3 years	100 %

Financial liabilities

Initial recognition and measurement

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

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

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss. The Group has not designated any financial liability as at fair value through profit and loss.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

Loans and borrowings

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

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

Derecognition

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

The following table shows various reclassification and how they are accounted for:

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in Statement of Profit and Loss.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to Statement of Profit and Loss at the reclassification date.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(q) Derivative financial instruments

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when

Reclassification of financial assets

The group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The group's senior management determines change in the business model as a result of external or internal changes which are significant to the group's operations. Such changes are evident to external parties. A change in the business model occurs when the group either begins or ceases to perform an activity that is significant to its operations. If the group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

the fair value is positive and as financial liabilities when the fair value is negative.

The purchase contracts that meet the definition of a derivative under Ind-AS 109 are recognised in the Statement of Profit and Loss. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

Hedges of highly probable forecasted transactions

The Company classifies foreign currency forward contracts as derivative instruments in a cash flow hedging relationship to hedge foreign currency risk associated with highly probable forecasted transactions.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

The use of foreign currency forward contracts is governed by the Company's policies, which provide written principles on the use of such derivatives consistent with the Company's risk management strategy. The Company does not use derivative financial instruments for speculative purposes.

Foreign currency forward contract derivative instruments are remeasured at fair value at each reporting date. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised directly in cash flow hedge account in reserves and surplus as a component of equity and reclassified to the Statement of Profit and Loss as revenue in the period corresponding to the occurrence of the forecasted transactions. Ineffective portion of such derivatives is recognised immediately in Statement of Profit and Loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in other comprehensive income /(loss), remains in other comprehensive income until the forecast transaction occurs. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income/(loss) is recognized immediately in the Statement of Profit and Loss.

Hedges of recognised assets and liabilities:

Changes in the fair value of derivative contracts that economically hedge monetary assets and liabilities in foreign currencies, and for which no hedge accounting is applied, are recognized in the statement of profit and loss. The changes in fair value of such derivative contracts, as well as the foreign exchange gains and losses relating to the monetary items, are recognized in the Statement of Profit and Loss.

(r) **Cash and cash equivalents**

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

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

(s) **Research and development**

Revenue expenditure on research and development is charged to the Statement of Profit and Loss in the year in which it is incurred. The Group does not generate any intangible asset internally.

(t) **Measurement of EBITDA**

The Group presents EBITDA in the Statement of Profit and Loss, which is neither specifically required by Ind AS 1 nor defined under Ind AS. Ind AS complaint Schedule III allows companies to present line items, sub-line items and sub-totals shall be presented as an addition or substitution on the face of the financial statements when such presentation is relevant to an understanding of the group's financial position or performance or to cater to industry/sector-specific disclosure requirements or when required for compliance with the amendments to the Companies Act or under the Indian Accounting Standards.

Accordingly, the Group has elected to present EBITDA as a separate line item on the face of the Statement of Profit and Loss and does not include depreciation and amortization expense, finance income, finance costs, share of profit/ loss from associate and tax expense in the measurement of EBITDA.

(u) **New standards and interpretations not yet adopted** *Ind AS 116 Leases:*

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The Group is evaluating the effect of adoption on the financial statements.

Amendment to Ind AS 12 – Income taxes :

On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Group is evaluating the effect of this amendment on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

Amendment to Ind AS 19 – plan amendment, curtailment or settlement

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

-to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and

-to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Group is evaluating the effect of this amendment on the financial statements.

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments :

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Group is evaluating the effect of this amendment on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

(All amounts in Million 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 Property, plant and equipment
Gross carrying value							
As at March 31, 2017	871.63	4,446.81	8,171.82	271.17	94.57	107.83	13,963.83
Additions	54.08	1,151.61	2,412.26	38.77	28.84	63.93	3,749.49
Disposals	(3.37)	-	(1.94)	-	-	(21.08)	(26.39)
Adjustment							
- Exchange difference	-	-	0.21	0.01	0.02	-	0.24
As at March 31, 2018	922.34	5,598.42	10,582.35	309.95	123.43	150.68	17,687.17
Additions	-	725.50	2,155.03	99.82	31.45	35.51	3,047.31
Disposals	-	-	-	-	-	(22.47)	(22.47)
Adjustment							
- Exchange difference	-	-	4.35	0.36	0.45	-	5.16
As at March 31, 2019	922.34	6,323.92	12,741.73	410.13	155.33	163.72	20,717.17
Depreciation							
As at March 31, 2017	-	264.01	1,462.77	65.62	37.11	10.89	1,840.40
Charge for the year	-	201.07	931.69	34.90	20.41	31.19	1,219.26
Disposals	-	-	-	-	-	(11.60)	(11.60)
Adjustment							
- Exchange difference	-	-	0.10	0.01	0.02	-	0.13
As at March 31, 2018	-	465.08	2,394.56	100.53	57.54	30.48	3,048.19
Charge for the year	-	264.51	1,240.70	36.81	27.12	35.84	1,604.98
Disposals	-	-	-	-	-	(9.50)	(9.50)
Adjustment							
- Exchange difference	-	-	1.08	0.23	0.20	-	1.51
As at March 31, 2019	-	729.59	3,636.34	137.57	84.86	56.82	4,645.18
Net carrying value							
As at March 31, 2017	871.63	4,182.80	6,709.05	205.55	57.46	96.94	12,123.43
As at March 31, 2018	922.34	5,133.34	8,187.79	209.42	65.89	120.20	14,638.98
As at March 31, 2019	922.34	5,594.33	9,105.39	272.56	70.47	106.90	16,071.99

Capital work-in-progress (including expenditure during construction period - note 42) : ₹ 1,096.32 (March 31, 2018: ₹ 1,631.80).

Pledge on Property, plant and equipment - Laurus Labs Limited:

Property, plant and equipment (other than vehicles) with a carrying amount of ₹ 15,965.09 (March 31, 2018: ₹ 14,518.78) are subject to a pari passu first charge on the Company's term loans. Further, the property, plant and equipment (other than vehicles) are subject to a pari passu second charge on the Company's current borrowings and SBI buyer's credit. Also, refer note 13A and 13B.

Vehicles with a carrying amount of ₹ 106.90 (March 31, 2018: ₹ 120.20) are hypothecated to respective banks against vehicle loans.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

4. Other intangible assets

Particulars	Goodwill on consolidation	Computer software purchased	Total
Gross carrying value			
As at March 31, 2017	97.39	124.62	222.01
Additions	-	28.32	28.32
Disposals	-	-	-
As at March 31, 2018	97.39	152.94	250.33
Additions	-	86.67	86.67
Disposals	-	-	-
As at March 31, 2019	97.39	239.61	337.00
Amortisation			
As at March 31, 2017	-	46.09	46.09
Charge for the year	-	35.27	35.27
Disposals	-	-	-
As at March 31, 2018	-	81.36	81.36
Charge for the year	-	36.94	36.94
Disposals	-	-	-
As at March 31, 2019	-	118.30	118.30
Net carrying value			
As at March 31, 2017	97.39	78.53	175.92
As at March 31, 2018	97.39	71.58	168.97
As at March 31, 2019	97.39	121.31	218.70

Impairment test of goodwill:

Goodwill is tested for impairment on annual basis and whenever there is an indication that the recoverable amount of cash generating unit is less than its carrying amount based on number of factors including business plan, operating results, future cash flows and economic conditions. The recoverable amount of cash generating units (CGU) is determined based on higher of value in use and fair value less cost to sell.

The Group generally uses discounted cash flow based methods to determine the recoverable amount. These discounted cash flows use five-year projections that are based on financial forecasts. Cash flow projections take into account past experience and management's best estimate about future developments.

Discount rate represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and the risks specific to the asset for which future cash flow estimates have not been adjusted. The discount rate calculation is derived weighted average cost of capital of specific company. Terminal value growth rates take into consideration of external macroeconomic sources of data and industry specific trends.

The following table presents the key assumptions used to determine value in use/fair value less cost to sell for impairment test purpose:

Particulars	March 31, 2019	March 31, 2018
Terminal value growth rate	5%	5%
Pre tax discount rate	20%	20%

Based on the above, no impairment was identified as at March 31, 2019 as the recoverable value exceeds the carrying value.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

5. Financial assets

Particulars	March 31, 2019	March 31, 2018
A. Investments		
Others	34.05	34.05
	34.05	34.05
Unquoted investments (valued at fair value through profit and loss)		
- 3,405,000 (March 31, 2018: 3,405,000) Equity shares of ₹ 10 each of Atchutapuram Effluent Treatment Limited.	34.05	34.05
	34.05	34.05
B. Loans		
Current (unsecured, considered good unless stated otherwise)		
Other loans		
- Loans to employees	4.17	8.26
Total	4.17	8.26
C. Other financial assets		
Non-current (unsecured, considered good unless stated otherwise)		
Security deposits	144.01	126.84
Other balances with banks	0.27	0.23
Export and other incentives receivable*	149.52	111.48
Total	293.80	238.55
Current (unsecured, considered good unless stated otherwise)		
Export and other incentives receivable*	203.32	198.72
Insurance claim receivable	6.43	6.43
Total	209.75	205.15

* Export and other incentives receivable has been recognized on the following: a) Incentive in the form of duty credit scrip upon sale of exports under Merchandise Exports from India Scheme under Foreign Trade Policy of India b) Sales tax incentive and reimbursement of power cost under the Andhra Pradesh state incentives IIPP 2015-20 scheme. There are no unfulfilled conditions or contingencies attached to these incentives.

6. Deferred tax assets (net)

Particulars	March 31, 2019	March 31, 2018
Deferred tax liability relating to		
Accelerated depreciation for tax purposes	(1,087.94)	(850.02)
Deferred revenue on embedded leases	(285.65)	(342.75)
	(A)	(1,192.77)
Deferred tax asset relating to		
MAT credit entitlement	1,756.73	1,552.54
Unused tax losses/depreciation	-	49.57
Expenses allowable on payment basis	115.32	85.64
Other items giving rise to temporary differences	35.37	33.99
	(B)	1,907.42
Deferred tax assets (net)	(A+B)	533.83

Deferred tax assets/(liabilities):

For the year ended March 31, 2019:

Particulars	Opening balance	Recognised in profit and loss	Recognised in other comprehensive income	Closing balance
Accelerated depreciation for tax purposes	(850.02)	(237.92)	-	(1,087.94)
Deferred revenue on embedded leases	(342.75)	57.10	-	(285.65)
MAT credit entitlement	1,552.54	204.19	-	1,756.73
Unused tax losses/depreciation	49.57	(49.57)	-	-
Expenses allowable on payment basis	85.64	29.68	-	115.32
Other items giving rise to temporary differences	33.99	17.80	(16.42)	35.37
	528.97	21.28	(16.42)	533.83

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

For the year ended March 31, 2018:

Particulars	Opening balance	Recognised in profit and loss	Recognised in other comprehensive income	Closing balance
Accelerated depreciation for tax purposes	(612.50)	(237.52)	-	(850.02)
Deferred revenue on embedded leases	(396.20)	53.45	-	(342.75)
MAT credit entitlement	1,473.62	78.92	-	1,552.54
Unused tax losses/ depreciation	-	49.57	-	49.57
Expenses allowable on payment basis	221.33	(135.69)	-	85.64
Other items giving rise to temporary differences	12.61	21.68	(0.30)	33.99
	698.86	(169.59)	(0.30)	528.97

The Group has accounted for deferred tax assets (net) of ₹ 533.83 (March 31, 2018: ₹ 528.97) based on approval of business plan by the board, agreements entered with customers, orders on hand, fresh infusion of funds, successful patent filings and a portfolio of drugs.

During the year ended March 31, 2019, the Group has paid dividend to its shareholders. This has resulted in payment of Dividend Distribution Tax (DDT) to the taxation authorities. The Group believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence, DDT paid is charged to equity.

7. Other assets

Particulars	March 31, 2019	March 31, 2018
A) Non-current (unsecured, considered good unless otherwise stated)		
Capital advances	71.14	132.28
Advances recoverable in cash and kind	19.50	24.29
Prepayments	321.80	283.25
Balances with statutory/Government authorities	20.00	20.00
Taxes paid under protest	4.64	4.44
	437.08	464.26
Less: Allowance for and doubtful advances	(19.50)	(24.29)
Total	417.58	439.97
B) Current (unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or kind	101.73	105.53
Prepayments	117.23	97.92
Balances with statutory/Government authorities	246.32	471.85
Deferred lease expenses	-	0.68
Others	1.40	2.26
Total	466.68	678.24

8. Inventories

Particulars	March 31, 2019	March 31, 2018
(At lower of cost and net realisable value)		
Raw materials [including port stock and stock-in-transit: ₹ 428.34 (March 31, 2018: ₹ 543.32)]	2,986.76	2,413.90
Work-in-progress	2,078.15	1,755.65
Finished goods	1,513.50	1,516.13
Stores, spares and packing materials	240.96	162.14
Total	6,819.37	5,847.82

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

9. Trade receivables

Particulars	March 31, 2019	March 31, 2018
Unsecured		
Considered good	7,099.40	5,705.87
Credit impaired	23.46	23.29
	7,122.86	5,729.16
Less: Allowance for doubtful debts	(23.46)	(23.29)
	7,099.40	5,705.87

- a) No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.
- b) Trade receivables are non-interest bearing and are generally on terms of 30 - 120 days.
- c) Of the trade receivables balance, ₹ 3,687.44 in aggregate (as at March 31, 2018: ₹ 2,997.24) is due from the Company's customers individually representing more than 5 % of the total trade receivables balance.
- d) The Group has used practical expedient by computing the expected credit loss allowance for doubtful trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking estimates. The expected credit loss allowance is based on the ageing of the days the receivables are due.

Movement in the expected credit loss allowance	March 31, 2019	March 31, 2018
Balance at the beginning of the year	23.29	21.52
Movement in expected credit loss allowance on trade receivables	0.17	1.77
Balance at the end of the year	23.46	23.29

10. Cash and cash equivalents and other bank balances

Particulars	March 31, 2019	March 31, 2018
A) Cash and cash equivalents		
Balances with banks		
- On current accounts	28.09	24.34
- Deposits with original maturity of less than three months	0.47	3.59
Cash on hand	1.12	2.11
	29.68	30.04
B) Other balances with banks		
On deposit accounts		
- Remaining maturity for more than twelve months	0.27	0.23
- Remaining maturity for less than twelve months	0.53	0.53
	0.80	0.76
Less : Amount disclosed under other assets	(0.27)	(0.23)
	0.53	0.53

Deposits with a carrying amount of ₹ 0.80 (March 31, 2018: ₹ 0.76) are towards margin money given for letter of credit and bank guarantees.

11. Equity share capital

Particulars	March 31, 2019	March 31, 2018
Authorised		
111,000,000 (March 31, 2018: 111,000,000) Equity shares of ₹ 10/- each	1,110.00	1,110.00
Total	1,110.00	1,110.00
Issued, Subscribed and Paid Up		
106,436,749 (March 31, 2018: 106,029,749) Equity share of ₹ 10/- each fully paid up	1,064.37	1,060.30
	1,064.37	1,060.30
Total	1,064.37	1,060.30

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

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

Equity Shares of ₹ 10 Each, Fully paid up	For the year ended March 31, 2019		For the year ended March 31, 2018	
	No.	₹	No.	₹
Balance as per last financial statements	106,029,749	1,060.30	105,756,249	1,057.56
Issued during the year - ESOP	407,000	4.07	273,500	2.74
Outstanding at the end of the year	106,436,749	1,064.37	106,029,749	1,060.30

11.2. Rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share at the general meetings of the Company. For liquidation terms refer note 11.2a.

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

For the year ended March 31, 2019, the amount of dividend per share declared as distribution to equity shareholders was ₹ 1.50 (March 31, 2018: ₹ 1.50)

11.2a. Liquidation terms and preferential rights

The liquidation terms of the equity shares are as follows:

- If the company shall be wound up, the Liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act divide amongst the shareholders, in specie or kind the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.
- For the purpose aforesaid, the Liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the shareholders or different classes of shareholders.

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

Equity shares of Rs. 10/- each held by	March 31, 2019		March 31, 2018	
	% Holding	No.	% Holding	No.
Blue Water Investment Limited	19.72%	20,989,596	19.80%	20,989,596
Dr.C.Satyanarayana	17.70%	18,838,804	15.83%	16,781,704
Amansa Holdings Private Limited	5.90%	6,276,737	-	-
FIL Capital Management (Mauritius) Limited	5.75%	6,118,806	11.54%	12,237,612
Mrs.C.Naga Rani	6.93%	7,376,544	5.89%	6,240,000

11.4.Details of shares reserved for issue under options

For details of shares reserved for issue under Employee Stock Options Scheme plan of the Group, refer note no. 29.

11.5.Aggregate number of bonus shares issued, shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

	March 31, 2019	March 31, 2018	March 31, 2017
No. of equity shares allotted as fully paid bonus shares by capitalization of securities premium	-	-	73,971,303

12. Distributions made and proposed

	March 31, 2019	March 31, 2018
Cash dividends on equity shares declared and paid:		
Final dividend for the financial year 2017-18 : ₹ 1.50 per share (financial year 2016-17 : ₹ 1.50 per share)	159.04	158.64
Dividend distribution tax on final dividend	32.69	32.29
	191.73	190.93
Proposed dividends on equity shares:		
Final cash dividend	159.66	159.04
Dividend distribution tax on proposed dividend	32.82	32.69
	192.48	191.73

Proposed dividend on equity shares are subject to approval at the annual general meeting and is not recognised as a liability as at March 31, 2019.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

13. Financial liabilities

	March 31, 2019	March 31, 2018
A) Non-current borrowings		
Term loans		
Indian rupee loans from banks (Secured)	1,089.04	1,014.87
Foreign currency loans from banks (Secured)	1,482.36	368.00
Other loans		
Vehicle loans from banks (Secured)	15.73	33.72
Total	2,587.13	1,416.59
Current maturities of non-current borrowings		
Term loans		
Indian rupee loans from banks (Secured)	490.01	399.61
Foreign currency loans from banks (Secured)	417.43	184.35
Buyer's credit (Secured)	-	189.16
Other loans		
Vehicle loans from banks (Secured)	22.67	24.19
	930.11	797.31
Less: Amount disclosed under the head "other current financial liabilities" (refer note no. 13D)	(930.11)	(797.31)
Total	-	-
B) Current borrowings		
Cash credits and working capital demand loans		
Indian rupee loans from banks (Secured)	5,756.11	5,073.96
Foreign currency loans from banks (Secured)	182.84	1,530.53
Buyer's credit from banks (Secured)	707.27	980.68
Buyers credit from banks (Unsecured)	195.83	-
Total	6,842.05	7,585.17

Terms and conditions of borrowings - Laurus Labs Limited:

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

Name of the Bank	Outstanding as on March 31, 2019	Outstanding as on March 31, 2018	Sanction Amount	No. of Instalments	Commencement of instalments	Effective interest rate
State Bank of India (SBI) [#]	180.00	-	490.00	23 quarterly instalments ranging from ₹ 20.00 to ₹ 22.50	September 2015	MCLR Plus 0.50% p.a (March 31, 2018: Nil)
HDFC Bank (HDFC)	866.67	1,000.00	1,000.00	15 quarterly instalments of ₹ 66.67	November 2018	At MCLR (March 31, 2018: At 1 Year G-Sec plus 155 bps)
HSBC Bank (HSBC)	-	199.60	500.00	10 quarterly instalments of ₹ 50	December 2016	At MCLR (March 31, 2018 :MCLR plus 0.5% p.a.)
Andhra Bank (AB) [*]	149.06	214.88	231.80	14 quarterly instalments ranging from ₹ 15.16 to ₹ 16.67	January 2018	At MCLR (March 31, 2018 : MCLR plus 1.55% p.a.)
CITI Bank (CITI)	383.32	-	400.00	24 quarterly instalments of ₹ 16.67	January 2019	One Month T Bill + 0.28%

[#]During FY 2019, FCNR TL availed from SBI has been converted to INR Loan

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

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

Name of the Bank & Nature of Loan	Outstanding as on March 31, 2019	Outstanding as on March 31, 2018	Sanction Amount	No. of Instalments	Commencement of instalments	Effective interest rate
State Bank of India (SBI) - Buyer's Credit	-	189.16	US\$ 2.91 Mn	Two instalments	April 2018	LIBOR Plus 0.56 % p.a. (March 31, 2018: LIBOR plus 0.56 % p.a.)
State Bank of India (SBI) - FCNR TL	-	269.54	US\$ 4.764 Mn	14 quarterly instalments	December 2017	6M LIBOR plus 2 % p.a. (March 31, 2018: 6M LIBOR plus 2 % p.a.)
State Bank of India (SBI) - FCNR TL	176.57	282.81	US\$ 2.83 Mn	9 quarterly instalments	March 2019	6M LIBOR plus 2 % p.a. (March 31, 2018: 6M LIBOR plus 2 % p.a.)
The Hongkong & Shanghai Banking Corporation (HSBC), Singapore	1,723.22	-	US\$ 25 Mn	16 quarterly instalments	July 2019	3M LIBOR plus 0.76 % p.a.

- (c) All Term loans (except Andhra Bank & HDFC) are secured by pari passu first charge on the property, plant and equipment (both present and future) except to the extent of assets exclusively charged to banks. It is further secured by pari passu second charge on current assets both present and future. [(March 31, 2018: All Term loans (except Andhra Bank & HDFC) were secured by pari passu first charge on the property, plant and equipment (both present and future) except to the extent of assets exclusively charged to banks. They were further secured by pari passu second charge on current assets both present and future)]

HDFC Term loan is secured by pari passu first charge on the property, plant and equipment (both present and future).

Andhra Bank Term loan is secured by an exclusive charge on the present and future assets of Unit VI.

[(March 31, 2018: State Bank of India (SBI) buyer's credit was secured by pari passu first charge on current assets and pari passu second charge on the fixed assets (both present and future) and also personal guarantees were given by the Chief Executive Officer and one of the Executive Directors of the Company)].

- (d) Vehicle loans from banks are repayable in installments ranging from 36 to 48 months from the date of the loan and secured by hypothecation of the respective vehicles.
- (e) Current borrowings are availed of in both Rupee and Foreign currencies. Interest on rupee loans ranges from MCLR plus 0 % to 0.50 % (March 31, 2018: MCLR plus 0 % to 0.60 %). Buyers credit loan interest ranges from LIBOR plus 0.32 % to 1.00 % (March 31, 2018: LIBOR plus 0.17 % to 0.75 %). These borrowings are secured by pari passu first charge on current assets and pari passu second charge on the fixed assets (both present and future). [(March 31, 2018: Current borrowings were secured by pari passu first charge on current assets and pari passu second charge on the fixed assets (both present and future))].

Terms and conditions of borrowings - Sriam Labs Private Limited

- (f) Vehicle loans from banks are repayable in 36 monthly installments from the date of the loan and secured by hypothecation of the respective vehicles.
- (g) Current borrowings are availed in Rupee. Interest on rupee loans ranges from MCLR plus 0.70 % (March 31, 2018: MCLR plus 1.05 %). (March 31, 2018: Buyers credit loan interest ranges from 1.06 % to 2.46 %). These borrowings are secured by Hypothecation of stocks of raw material, work-in-progress, consumables, finished goods, receivables and all chargeable current assets on first charge basis.

Terms and conditions of borrowings - Laurus Synthesis Inc.

- (h) Current borrowings are availed in Foreign currency. Interest on foreign currency loans from banks ranges from 3.98 % (March 31, 2018: 2.73 %). These borrowings are secured in the form of Standby Letter of Credit (SBLC) of the Company to Citi Bank N.A.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

C) Trade payables

Particulars	March 31, 2019	March 31, 2018
Valued at amortised cost		
- Total outstanding dues to creditors other than micro enterprises and small enterprises	4,809.46	3,021.24
- Outstanding dues to related parties (refer note no. 33)	3.29	74.14
	4,812.75	3,095.38
- Total outstanding dues to micro enterprises and small enterprises (refer note no. 30)	70.37	27.89
	70.37	27.89

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled on 30-120 day terms.

For explanations on the Group's credit risk management processes, refer to note 37.

D) Current maturities and other liabilities

Particulars	March 31, 2019	March 31, 2018
Valued at amortised cost		
Current maturities of non-current borrowings (refer note no. 13A)	930.11	797.31
Capital creditors	648.58	650.17
Interest accrued	39.87	26.72
Derivative financial instruments - liability	20.18	0.73
Total	1,638.74	1,474.93

14. Other non-current and current liabilities

Particulars	March 31, 2019	March 31, 2018
A) Non-current		
Advances from customers	601.16	646.97
	601.16	646.97
B) Current		
Advances from customers	689.07	742.90
Unclaimed dividend	0.25	0.06
Statutory dues	116.89	94.69
Total	806.21	837.65

15. Provisions

Particulars	March 31, 2019	March 31, 2018
A) Non-current provisions		
Provision for gratuity	190.71	116.58
Provision for compensated absences	109.74	91.81
Total	300.45	208.39
B) Current provisions		
Provision for gratuity	25.81	17.32
Provision for compensated absences	38.85	27.42
Total	64.66	44.74

16. Income tax assets/liabilities

Particulars	March 31, 2019	March 31, 2018
A) Income tax assets		
Advance tax (net)	8.95	2.95
Tax paid under protest	7.05	7.05
	16.00	10.00
B) Income tax liabilities		
Provision for taxes (net)	4.26	3.10
	4.26	3.10

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

17. Revenue from operations

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Sale of products		
Income from sale of API, Intermediates and Formulations	21,229.96	19,194.79
Income from sale of traded goods	263.90	243.86
	(A) 21,493.86	19,438.65
Sale of services		
Contract research services	907.28	660.74
	(B) 907.28	660.74
Other operating revenue		
Sale of scrap	22.06	17.26
Export and other incentives*	271.06	269.64
Others	224.90	303.74
	(C) 518.02	590.64
Revenue from operations	(A+B+C) 22,919.16	20,690.03

*Export and other incentives have been recognized on the following:

- Incentive in the form of duty credit scrip upon sale of exports under Merchandise Exports from India Scheme under Foreign Trade Policy of India
- Sales tax incentive under the Andhra Pradesh state incentives IIPP 2015-20 scheme. There are no unfulfilled conditions or contingencies attached to these incentives.

18. Other income

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Net gain on foreign exchange fluctuations	-	194.27
Provision no longer required written back	94.70	37.41
Bad debts recovered	-	10.52
Lease rental income	38.92	38.96
Miscellaneous income	19.02	3.15
Total	152.64	284.31

19. Cost of materials consumed

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Raw materials consumed		
Opening stock at the beginning of the year	2,413.90	1,946.39
Add : Purchases	12,916.93	11,004.60
	15,330.83	12,950.99
Less : Closing stock at the end of the year	2,986.76	2,413.90
	(A) 12,344.07	10,537.09
Packing materials consumed	(B) 108.40	76.85
Total	(A+B) 12,452.47	10,613.94

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

20. Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening stock of inventories		
Finished goods of API, Intermediates and Formulations	1,516.13	1,496.24
Work-in-progress of API, Intermediates and Formulations	1,755.65	1,528.49
	3,271.78	3,024.73
Closing stock of inventories		
Finished goods of API, Intermediates and Formulations	1,513.50	1,516.13
Work-in-progress of API, Intermediates and Formulations	2,078.15	1,755.65
	3,591.65	3,271.78
(Increase)/Decrease in inventories of finished goods and work-in-progress	(319.87)	(247.04)
(Increase)/Decrease in finished goods of API, Intermediates and Formulations	2.63	(19.89)
(Increase)/Decrease in Work-in-Progress of API, Intermediates and Formulations	(322.50)	(227.15)
(Increase)/Decrease in inventories of finished goods and work-in-progress	(319.87)	(247.04)

21. Employee benefits expenses

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries, allowances and wages	2,236.82	1,937.23
Contribution to provident fund and other funds	133.65	115.92
Gratuity expense	56.73	41.16
Share based payment expense	24.20	33.55
Managerial remuneration	128.72	199.03
Recruitment and training	12.10	12.31
Staff welfare expenses	299.82	241.27
Total	2,892.04	2,580.47

22. Other expenses

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Consumption of stores and spares	263.04	235.17
Conversion charges	82.59	102.99
Factory maintenance	706.46	578.42
Effluent treatment expenses	198.68	163.14
Power and fuel	1,093.73	942.13
Repairs and maintenance		
Plant and machinery	205.92	152.05
Buildings	66.30	45.76
Others	15.90	7.26
Product development	131.51	134.49
Testing and analysis charges	10.77	11.62
Rent	84.61	73.13
Rates and taxes	333.81	107.42
Office maintenance	26.82	23.45
Insurance	87.61	73.47
Printing and stationery	20.51	18.84
Consultancy and other professional charges	144.17	90.91
Membership and subscription	46.17	45.35
Remuneration to auditors		
-Audit fee	4.35	4.35
-Tax audit fee	0.55	0.55
-Limited review	3.00	3.00

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
-Other services	2.59	3.97
-Out of pocket expenses	0.11	0.13
Travelling and conveyance	68.97	65.92
Communication expenses	22.82	22.17
Loss on sale of property, plant and equipment (net)	7.94	5.20
Allowance for bad and doubtful advance and debts	2.95	9.30
Net Loss on foreign exchange fluctuations	109.80	-
Carriage outwards	148.20	114.87
Commission on sales	87.62	61.11
Other selling expenses	23.61	19.87
Business promotion and advertisement	60.17	45.03
CSR expenditure (refer note no. 26)	46.07	43.98
Donations	1.50	3.07
Miscellaneous expenses	2.05	2.86
Total	4,110.90	3,210.98

23A. Finance Income

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest Income on		
Deposits and margin money held	0.27	0.55
Security deposits at amortised cost	1.38	0.72
Electricity deposits and others	7.23	6.35
Total	8.88	7.62

23B. Finance costs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest		
- on term loans	193.75	129.33
- on working capital loans	541.82	554.70
- on others	6.73	9.70
	742.30	693.73
Bank charges	24.29	35.59
Exchange differences to the extent considered as an adjustment to finance costs	115.31	67.12
Total	881.90	796.44

24. Components of other comprehensive income (OCI)

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

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Retained earnings:		
Remeasurement gains/(losses) on defined benefit plans	(36.19)	1.07
Deferred tax on remeasurement of defined benefit plans	12.67	(0.30)
Fair value movements on cash flow hedges	(10.74)	-
Deferred tax on fair value movements on cash flow hedges	3.75	-
Exchange differences on translating the financial statements of foreign operations	(6.23)	(0.57)
Total other comprehensive income for the year, net of tax	(36.74)	0.20

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

25. Earnings per share (EPS)

Particulars	For the year ended	For the year ended
	March 31, 2019	March 31, 2018
The following reflects the profit and share data used in the basic and diluted EPS computations:		
Profit available for equity shareholders	937.64	1,676.10
Weighted average number of equity shares in computing basic EPS	106,244,957	105,900,117
Add: Effect of dilution		
Stock options granted under ESOP	272,393	445,130
Weighted average number of equity shares in computing diluted earnings per share	106,517,350	106,345,247
Face value of each equity share (₹)	10.00	10.00
Earnings per share		
- Basic (₹)	8.83	15.83
- Diluted (₹)	8.80	15.76

26. Details of CSR expenditure

As per the requirement of the Companies Act, 2013, gross amount required to be spent by the Group during the year is ₹ 44.37 (March 31, 2018 : ₹ 33.28)

CSR Activities	For the year ended March 31, 2019		
	In cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset	-	-	-
	(-)	(-)	(-)
(ii) On purposes other than (i) above	46.07	-	46.07
	(43.98)	(-)	(43.98)

Amounts in bracket indicate previous year numbers

27. Taxes

(a) Income tax expense:

The major components of income tax expenses for the year ended March 31, 2019 and for the year ended March 31, 2018 are:

(i) Statement of Profit and Loss

Particulars	For the year ended	For the year ended
	March 31, 2019	March 31, 2018
Current tax	248.32	528.47
Deferred tax credit	11.56	169.59
Total income tax expense recognised in Statement of Profit and Loss	259.88	698.06

(ii) Other comprehensive income (OCI)

Particulars	For the year ended	For the year ended
	March 31, 2019	March 31, 2018
Tax on remeasurement of defined benefit plans	12.67	(0.30)
Tax on fair value movements on cash flow hedges	3.75	-
Total tax recognised in OCI	16.42	(0.30)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

(b) Reconciliation of effective tax rate:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit before tax (A)	1,197.52	2,374.16
Enacted tax rate in India (B)	34.944%	34.608%
Expected tax expenses (C = A*B)	418.46	821.65
Other than temporary difference		
Weighted deduction under section 35(2AB) under the Income Tax Act, 1961	(385.64)	(370.06)
Deduction under section 32AD of the Income Tax Act, 1961	(29.54)	(256.61)
Expenses disallowed under Income Tax Act, 1961	48.82	49.60
Effect of lower tax rate in subsidiary	(13.42)	13.52
Results of subsidiary not taxable	9.76	44.54
Adjustment for taxes with respect to earlier years	(72.79)	143.00
Others	(10.99)	18.89
Total (D)	(453.80)	(357.11)
Profit after adjusting permanent difference	743.72	2,017.05
Expected tax expense	259.88	698.06
Actual income tax expense (benefit)	259.88	698.06
Effective tax rate	21.70%	29.40%

(c) The details of component of deferred tax assets are given under note 6.

(d) During the year ended March 31, 2019, the Group has paid dividend to its shareholders. This has resulted in payment of dividend distribution tax (DDT) to the taxation authorities. The Group believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence DDT paid is charged to equity.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

28. Gratuity

Defined benefit plans

The Group has a defined benefit gratuity plan and governed by Payment of Gratuity Act, 1972. Every employee who has completed five years or more of service is entitled to a gratuity on departure at 15 days salary for each completed year of service. The scheme is funded through a policy with SBI Life Insurance Company Limited. The following tables summarise net benefit expenses recognised in the Statement of Profit and Loss, the status of funding and the amount recognised in the Balance sheet for the gratuity plan:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
A) Net employee benefit expense (recognised in employee benefits expenses)		
Current service cost	46.62	33.41
Interest cost	10.34	7.85
Expected return on plan assets	(0.23)	(0.10)
Net employee benefit expenses	56.73	41.16
Actual return on plan asset	(0.27)	(0.10)
B) Amount recognised in the Balance Sheet		
Defined benefit obligation	221.07	135.36
Fair value of plan assets	4.55	1.46
	216.52	133.90
C) Changes in the present value of the defined benefit obligation		
Opening defined benefit obligation	135.36	100.97
Current service cost	46.62	33.41
Interest cost	10.34	7.85
Benefits paid	(7.44)	(5.80)
Net actuarial (gains) / losses on obligation for the year recognised under OCI	36.19	(1.07)
Closing defined benefit obligation	221.07	135.36
D) Change in the fair value of plan assets		
Opening fair value of plan assets	1.46	1.88
Actual return on plan assets	0.27	0.10
Contributions	10.00	4.82
Benefits paid	(7.18)	(5.34)
Closing fair value of plan assets	4.55	1.46

The Group expects to contribute ₹ 25.81 to the gratuity fund in the next year (March 31, 2018: ₹ 17.32) against the short term liability of ₹ 25.81 (March 31, 2018: ₹ 17.32) as per the actuarial valuation.

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

	March 31, 2019	March 31, 2018
Investments with SBI Life Insurance Company Limited	100.00%	100.00%
E) Remeasurement adjustments:		
Financial loss/ (gain) on plan assets	(36.19)	1.07
Remeasurement gains/(losses) recognised in other comprehensive income:	(36.19)	1.07

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

	March 31, 2019	March 31, 2018
Discount rate	7.60%	8.00%
Expected rate of return on assets	9.05%	8.50%
Salary rise	12.00%	16.00%
Attrition rate	14.00%	12.00%

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

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

Expected benefit payments for the year ending:

Year ending	March 31, 2019	March 31, 2018
Year 1	30.16	-
Year 2	27.62	-
Year 3	22.26	0.18
Year 4	21.05	3.80
Year 5	21.40	3.76
Beyond 5 years	97.36	176.92

The average duration of the defined benefit plan obligation at the end of the reporting period is 25.73 years (March 31, 2018: 25.92 years).

(iii) Sensitivity analysis:

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

	March 31, 2019	March 31, 2018
(a) Effect of 1% change in assumed discount rate on defined benefit obligation		
- 1% increase	(17.24)	(10.69)
- 1% decrease	10.23	12.45
(b) Effect of 1% change in assumed salary escalation rate on defined benefit obligation		
- 1% increase	7.50	8.25
- 1% decrease	(16.63)	(7.85)
(c) Effect of 1% change in assumed attrition rate on defined benefit obligation		
- 1% increase	(6.72)	(4.28)
- 1% decrease	(1.73)	4.86

Defined contribution plan

	March 31, 2019	March 31, 2018
Contribution to provident fund	118.11	101.98
Contribution to superannuation fund	15.54	13.94

29. Share based payments - Equity settled

ESOP 2011 Scheme

The board of directors/ compensation committee has approved the Laurus Employees Stock Option Scheme (ESOP) 2011 for issue of stock options to eligible employees of the Company effective from September 19, 2011. According to the Scheme, the options granted vest within a period of four years, subject to the terms and conditions specified in the scheme. Options granted shall vest so long as the employee continues to be in the employment of the Company as on the date of vesting. Subject to an employee's continued employment with the Company, options can be exercised any time on or after the date of vesting of options as specified in the respective grants under the Scheme.

ESOP 2016 Scheme

The board of directors/ compensation committee has approved the Laurus Employees Stock Option Scheme (ESOP) 2016 for issue of stock options to eligible employees of the Company effective from June 09, 2016. According to the Scheme, the options granted vest within a period of four years, subject to the terms and conditions specified in the scheme. Options granted shall vest so long as the employee continues to be in the employment of the Company as on the date of vesting. Subject to an employee's continued employment with the Company, options can be exercised any time on or after the date of vesting of options as specified in the respective grants under the Scheme.

ESOP 2018 Scheme

The board of directors/ compensation committee has approved the Laurus Employees Stock Option Scheme (ESOP) 2018 for issue of stock options to eligible employees of the Company. According to the Scheme, the options granted vest within a period of four years, subject to the terms and conditions specified in the scheme. Options granted shall vest so long as the employee continues to be in the employment of the Company as on the date of vesting. Subject to an employee's continued employment with the Company, options can be exercised any time on or after the date of vesting of options as specified in the respective grants under the Scheme. The Scheme has not been implemented pending receipt of regulatory approval.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

Exercise period

Scheme	Grant	Number of options	Year 1 25%	Year 2 25%	Year 3 50%
ESOP 2011	Grant I	553,000	20-Sep-13	20-Sep-14	20-Sep-15
ESOP 2011	Grant II	28,000	19-Sep-14	19-Sep-15	19-Sep-16
ESOP 2011	Grant III	38,500	19-Sep-15	19-Sep-16	19-Sep-17
ESOP 2011	Grant IV	75,500	19-Sep-16	19-Sep-17	19-Sep-18
ESOP 2011	Grant V	185,438	19-Sep-17	19-Sep-18	19-Sep-19
ESOP 2016	Grant I	178,438	01-Jul-18	01-Jul-19	01-Jul-20
ESOP 2016	Grant II	537,150	01-Dec-20	01-Dec-21	01-Dec-22

Scheme	Date of Grant	Number of options Granted*	Exercise price	Weighted average fair value of option at grant date
ESOP 2011	September 19, 2011	553,000	10	105.96
ESOP 2011	September 19, 2012	28,000	10	163.94
ESOP 2011	September 19, 2013	38,500	10	175.94
ESOP 2011	September 19, 2014	75,500	10	262.84
ESOP 2011	September 19, 2015	185,438	10	525.65
ESOP 2016	July 01, 2016	178,438	550	84.45
ESOP 2016	December 01, 2018	537,150	292	167.83

* The Group issued bonus shares in the ratio of 3 shares for every 1 share held.

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

	March 31, 2019	March 31, 2018
	No. of options	No. of options
Outstanding at the beginning of the year	601,000	906,500
Forfeited during the year	35,748	34,000
Exercised during the year	248,252	271,500
Outstanding at the end of the year	317,000	601,000
Weighted average exercise price for all the above options (not adjusted for bonus issue)	10	10

The details of activity under the Scheme ESOP 2016 are summarised below:

	March 31, 2019	March 31, 2018
	No. of options	No. of options
Outstanding at the beginning of the year	642,000	669,500
Granted during the year	537,150	-
Forfeited during the year	34,302	25,500
Exercised during the year	158,748	2,000
Outstanding at the end of the year	986,100	642,000
Weighted average exercise price for all the above options (not adjusted for bonus issue)	550	550

For options exercised during the year, the weighted average share price at the exercise date under ESOP 2011 scheme, was ₹ 434.78 per share (March 31, 2018: ₹ 547.65 per share) and under ESOP 2016 scheme, was ₹ 434.78 per share (March 31, 2018: ₹ 547.65 per share).

The weighted average remaining contractual life for the stock options outstanding under ESOP 2011 scheme as at March 31, 2018 is 1.47 years (March 31, 2018: 2.31 years) and under ESOP 2016 as at March 31, 2019 is 4.25 years (March 31, 2018: 3.26 years). The range of exercise prices for options outstanding under ESOP 2011 scheme as at March 31, 2019 was ₹ 10.00 (March 31, 2018: ₹ 10.00) and under ESOP 2016 as at March 31, 2019 was ₹ 550.00 (March 31, 2018: ₹ 550.00).

The weighted average fair value of stock options granted during the year under ESOP 2011 scheme was ₹ 167.83 (March 31, 2018: ₹ Nil) and under ESOP 2016 scheme was ₹ Nil (March 31, 2018: ₹ Nil). The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

	March 31, 2019						
	ESOP 2011 scheme				ESOP 2016 scheme		
	Grant V	Grant IV	Grant III	Grant II	Grant I	Grant II	Grant I
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.39%	0.39%	0.39%
Expected volatility	0.00%	0.00%	0.00%	0.00%	26.90%	26.90%	0.00%
Risk-free interest rate	7.71%	8.56%	8.47%	8.01%	8.34%	7.19%	7.03%
Weighted average share price of ₹	533.00	269.97	183.10	171.22	113.15	384.00	514.79
Exercise price of ₹	10.00	10.00	10.00	10.00	10.00	292.00	550.00
Expected life of options granted in years	3.51	3.50	3.50	3.50	3.51	2.50	2.50

	March 31, 2018					
	ESOP 2011 scheme					ESOP 2016 scheme
	Grant V	Grant IV	Grant III	Grant II	Grant I	Grant I
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.39%
Expected volatility	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Risk-free interest rate	7.71%	8.56%	8.47%	8.01%	8.34%	7.03%
Weighted average share price of ₹	533.00	269.97	183.10	171.22	113.15	514.79
Exercise price of ₹	10.00	10.00	10.00	10.00	10.00	550.00
Expected life of options granted in years	3.51	3.50	3.50	3.50	3.51	2.50

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

30. Trade payables (Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006):

Particulars	March 31, 2019	March 31, 2018
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year	70.37	27.89
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006.	-	-
Total	70.37	27.89

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

31. Segment reporting

- A. The Group is engaged in the manufacture of Active Pharmaceutical Ingredients and intermediates and the same constitutes a single reportable business segment as per Ind AS 108.
- B. Segment information for secondary segment reporting (by geographical segment)

The Company has reportable geographical segments based on location of its customers:

 - (i) Revenue from customers within India – Domestic
 - (ii) Revenue from customers outside India – Exports

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

Geographical segments

Particulars	March 31, 2019		
	Outside India	Within India	Total
Revenue	11,845.64	11,073.52	22,919.16
Carrying amount of assets	209.29	33,102.56	33,311.85
Cost incurred to acquire capital assets	0.84	2,541.78	2,542.62

Particulars	March 31, 2018		
	Outside India	Within India	Total
Revenue	10,158.62	10,531.41	20,690.03
Carrying amount of assets	94.41	30,072.79	30,167.20
Cost incurred to acquire capital assets	2.36	3,908.76	3,911.12

32. Related party disclosures

Names of related parties and description of relationship

Name of the related party	Relationship
Enterprise over which Key Management Personnel exercise significant influence	
i) Laurus Infosystems (India) Private Limited	
Key Management Personnel	
i) Dr. C. Satyanarayana	Whole time director & Chief Executive Officer
ii) Dr. Raju S Kalidindi ^	Executive Director
iii) Mr. V.V. Ravi Kumar	Executive Director & Chief Financial Officer
iv) Mr. C. Chandrakanth	Executive Director
v) Dr. C.V.Lakshmana Rao ^^	Executive Director
vi) Mr. Ramesh Subrahmanian	Independent Director
vii) Mrs. Aruna Rajendra Bhinge	Independent Director
viii) Mr. Rajesh Chandy	Independent Director
ix) Dr. M.Venu Gopala Rao	Independent Director
x) Dr. Ravindranath K	Independent Director
xi) Mr. G Venkateswar Reddy	Company Secretary
Relatives of Key Management Personnel	
i) Mr. C. Narasimha Rao	Brother of Dr. C. Satyanarayana
ii) Mr. C. Chandrakanth	Son-in-Law of Dr. C. Satyanarayana
iii) Mr. C. Krishna Chaitanya	Son of Dr. C. Satyanarayana
iv) Mrs. C. Soumya	Daughter of Dr. C. Satyanarayana

^ Resigned with effective from March 08, 2018

^^ Key Management Personnel effective from March 08, 2018

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

Transactions during the year:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
a) Enterprise over which Key Management Personnel exercise significant influence		
i) Laurus Infosystems (India) Private Limited		
Purchase of software	3.50	2.44
Software maintenance	12.24	12.33
b) Key Management Personnel		
i) Dr. C. Satyanarayana		
Remuneration	72.65	118.87
ii) Dr. Raju S Kalidindi		
Remuneration	-	24.45
iii) Mr. V.V. Ravi Kumar		
Remuneration	20.43	26.02
Rent	0.83	0.76
iv) Mr. C. Chandrakanth		
Remuneration	10.91	13.91
v) Dr. C.V.Lakshmana Rao		
Remuneration	8.89	0.81
vi) Mr. Amal Ganguli		
Independent directors fee	-	0.37
vii) Mr. Ramesh Subrahmanian		
Independent directors fee	3.00	2.87
Sitting fee	0.65	0.70
viii) Mrs. Aruna Rajendra Bhinge		
Independent directors fee	2.00	2.00
Sitting fee	0.60	0.70
ix) Mr. Rajesh Chandy		
Independent directors fee	2.79	2.59
Sitting fee	0.50	0.50
x) Dr. M.Venu Gopala Rao		
Independent directors fee	2.00	1.74
Sitting fee	0.55	0.45
xi) Dr. Ravindranath K		
Independent directors fee	2.00	1.74
Sitting fee	0.25	0.20
xii) Mr. G.Venkateswar Reddy		
Remuneration	4.57	4.03
c) Relatives of Key Management Personnel		
i) Mr. C. Narasimha Rao		
Remuneration	5.96	5.24
ii) Mr. C. Krishna Chaitanya		
Remuneration	6.34	5.17
iii) Mrs. C. Soumya		
Rent	1.67	1.52
Closing balances (Unsecured)		
a) Enterprise over which Key Management Personnel exercise significant influence		
i) Laurus Infosystems (India) Private Limited		
Trade payables	0.08	0.16
b) Key Management Personnel		
i) Dr. C. Satyanarayana		
Remuneration payable	-	52.80
ii) Dr. Raju S Kalidindi		
Remuneration payable	-	6.98

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
iii) Mr. V.V. Ravi Kumar		
Remuneration payable	-	7.45
Rent payable	0.06	0.06
iv) Mr. C. Chandrakanth		
Remuneration payable	-	4.00
v) Dr. C.V.Lakshmana Rao		
Remuneration payable	-	0.24
vi) Mr. G.Venkateswar Reddy		
Remuneration payable	0.80	0.58
c) Relatives of Key Management Personnel		
i) Mr. C. Narasimha Rao		
Remuneration payable	1.18	0.96
ii) Mr. C. Krishna Chaitanya		
Remuneration	1.05	0.77
iii) Mrs. C. Soumya		
Rent payable	0.12	0.12

The advance given to subsidiaries are in the nature of trade advances against orders for supply of goods & services and hence not disclosed as required under regulation 53 (f) read with para A of Schedule V of Securities And Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015.

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

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. Outstanding balances at the year-end are unsecured.

33. Significant accounting judgements, estimates and assumptions

The preparation of the Group's Consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

(A) Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements.

(i) Lease commitments - Group as lessor

The Group has entered into agreement to manufacture and supply intermediates produced at a dedicated block constructed exclusively for the lessee. The Group has identified assets under operating and finance lease based on the factors indicated under Appendix C to Ind AS 17 and terms of the agreement, viz., economic life of the asset vs. lease term, ownership of the asset after the lease term.

(ii) Lease commitments - Group as lessee

The Group has entered into leases for land and office premises. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the land and office premises and the fair value of the asset, that it does not retain significant risks and rewards of ownership of the land and the office premises and accounts for the contracts as operating leases.

(iii) Taxes

The Group has a Minimum Alternate Tax (MAT) credit of ₹ 1,756.73 as on March 31, 2019 (March 31, 2018: 1,552.54). The Group recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

The Group based on its future projections of profit believes that the MAT credit would be utilized from financial year 2019-20.

(B) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimation requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The Black Scholes valuation model has been used by the Management for share-based payment transactions. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 29.

(ii) Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(iii) Defined employee benefit plans (Gratuity)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for

plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries. Further details about gratuity obligations are given in Note 28.

(iv) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow ('DCF') model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See note 35 and 36 for further disclosures.

(v) Depreciation on property, plant and equipment

Depreciation on property, plant and equipment is calculated on a straight-line basis using the rates arrived at based on the useful lives and residual values of all its property, plant and equipment estimated by the management. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of property, plant and equipment, though these rates in certain cases are different from lives prescribed under Schedule II of the Companies Act, 2013.

34. Hedging activities and derivatives

Derivatives not designated as hedging instruments

The Group uses foreign currency denominated borrowings and foreign exchange forward contracts to manage some of its transaction exposures. The Group classifies its derivative financial instruments that hedge foreign currency risk associated with highly probable forecasted transactions as cash flow hedges and measures them at fair value. The effective portion of such cash flow hedges is recorded in the Group's hedging reserve as a component of equity and re-classified to the Statement of Profit and Loss as revenue in the period corresponding to the occurrence of the forecasted transactions. The ineffective portion of such cash flow hedges is recorded in the Statement of Profit and Loss immediately. All outstanding forward contracts have maturity period of less than twelve months. Refer note no. 37(d) for disclosure on hedges of highly probable forecasted transactions.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

35. Fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Carrying value		Fair value	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Financial assets at fair value through profit or loss:				
Investments	34.05	34.05	34.05	34.05
Financial assets at amortised cost:				
Loans	4.17	8.26	4.17	8.26
Deposits and export and other incentive receivables	503.55	443.70	503.55	443.70
Trade receivables	7,099.40	5,705.87	7,099.40	5,705.87
Cash and cash equivalents	29.68	30.04	29.68	30.04
Other balances with banks	0.53	0.53	0.53	0.53
Financial liabilities at amortised cost:				
Borrowings (Non-current and current)	10,359.29	9,799.07	10,359.29	9,799.07
Interest payable	39.87	26.72	39.87	26.72
Trade payables	4,883.12	3,123.27	4,883.12	3,123.27
Capital creditors and others	648.58	650.17	648.58	650.17
Financial liabilities at fair value through profit and loss:				
Derivative contracts	9.44	0.73	9.44	0.73
Financial liabilities at fair value through OCI				
Hedges of highly probable forecasted transactions	10.74	-	10.74	-

The management assessed that cash and cash equivalents, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Further, the management has assessed that fair value of borrowings approximate their carrying amounts largely since they are carried at floating rate of interest.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

36. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at March 31, 2019:

	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
			(Level 1)	(Level 2)	(Level 3)
Financial assets at fair value through profit and loss:					
Investments	March 31, 2019	34.05	-	34.05	-
Financial liabilities at fair value through profit and loss:					
Derivative financial instruments	March 31, 2019	9.44	-	9.44	-
Financial liabilities at fair value through OCI:					
Hedges of highly probable forecasted transactions	March 31, 2019	10.74	-	10.74	-

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at March 31, 2018:

	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
			(Level 1)	(Level 2)	(Level 3)
Financial assets at fair value through profit and loss:					
Investments	March 31, 2018	34.05	-	34.05	-
Financial liabilities at fair value through OCI:					
Derivative financial instruments	March 31, 2018	0.73	-	0.73	-

Measurement of fair value

Valuation techniques

The following table shows the valuation techniques used in measuring Level 2 fair values for assets and liabilities carried at fair value through profit or loss.

Type	Valuation technique
Assets measured at fair value:	
Investments	The fair value is determined based on value per share derived from net worth of the Company as at the reporting date.
Liabilities measured at fair value:	
Derivative financial instruments	The fair value is determined using quoted forward exchange rates at the reporting date.

37. Financial risk management objectives and policies

Financial Risk Management Framework

The Group is exposed primarily to Credit risk, liquidity risk and market risk (fluctuations in foreign currency exchange rates and interest rate), which may adversely impact the fair value of its financial instruments. The Group assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Group.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Group result in material concentration of credit risk, except for trade receivables.

Trade receivables:

The customer credit risk is managed by the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on the individual credit limits are defined in accordance with this assessment and outstanding customer receivables are regularly monitored. Of the trade receivables balance, ₹ 3,687.44 in aggregate (as at March 31, 2018 ₹ 2,997.24) is due from the Group's customers individually representing more than 5% of the total trade receivables balance and accounted for approximately 54% (March 31, 2018: 54%) of all the receivables outstanding. The Group's receivables turnover is quick and historically, there was no significant defaults on account of those customer in the past. Ind AS requires an entity to recognise in profit or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised in accordance with Ind AS 109. The Group assesses at each date of statements of financial position whether a financial asset or a group of financial assets is impaired. Expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. The Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information.

Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed on periodic basis. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

Exposure to credit risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 7,099.40 and ₹ 5,705.87 as of March 31, 2019 and March 31, 2018 respectively, being the total of the carrying amount of balances with trade receivables.

Liquidity risk

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

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	Up to 1 Year	1 to 3 years	3 to 5 years	> 5 years	Total
March 31, 2019:					
Non-current borrowings (including current maturities)	930.11	2,587.13	-	-	3,517.24
Current borrowings	6,842.05	-	-	-	6,842.05
Interest payable	39.87	-	-	-	39.87
Trade payables	4,883.12	-	-	-	4,883.12
Other payables	648.58	-	-	-	648.58
	13,343.73	2,587.13	-	-	15,930.86
March 31, 2018:					
Non-current borrowings (including current maturities)	797.31	1,069.31	347.28	-	2,213.90
Current borrowings	7,585.17	-	-	-	7,585.17
Interest payable	26.72	-	-	-	26.72
Trade payables	3,123.27	-	-	-	3,123.27
Other payables	650.17	-	-	-	650.17
	12,182.64	1,069.31	347.28	-	13,599.23

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Group's exposure to market risk is primarily on account of foreign currency exchange rate risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. In order to optimize the Group's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

Interest rate sensitivity

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

	Change in basis points		Effect on profit before tax	
	Increase	Decrease	Decrease	Increase
March 31, 2019				
Indian Rupees	0.50 %	0.50 %	(39.34)	39.34
US Dollars	0.50 %	0.50 %	(16.71)	16.71
March 31, 2018				
Indian Rupees	0.50 %	0.50 %	(37.90)	37.90
US Dollars	0.50 %	0.50 %	(11.31)	11.31

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

Foreign Currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the Statement of Profit and Loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Group operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar against the functional currencies of the Group. The Group, as per its risk management policy, uses derivative instruments primarily to hedge foreign exchange. The Group evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in line with its risk management policies. The information on derivative instruments is as follows:

a) Forward Contract (Derivatives):

Forward contract outstanding as at Balance Sheet date:

March 31, 2019 Buy US \$ 1,76,78,329	Designated as fair value hedge - borrowings
March 31, 2019 Buy US \$ 98,47,306	Designated as fair value hedge - payables
March 31, 2019 Sell US \$ 1,52,00,000	Designated as cash flow hedge - highly probable forecasted transactions (Sales)
March 31, 2018 Buy US \$ 91,81,381	Designated as fair value hedge - borrowings
March 31, 2018 Sell US \$ 950,000	Designated as fair value hedge - receivables

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:

Particulars	Currency	March 31, 2019			March 31, 2018		
		Amount in foreign currency	Amount in Rs.	Conversion rate	Amount in foreign currency	Amount in Rs.	Conversion rate
Secured loans	USD	25,584,741	1,769.73	69.17	34,646,809	2,253.57	65.04
	EURO	-	-	77.70	5,000,000	403.11	80.62
Interest accrued but not due on borrowings	USD	285,136	19.72	69.17	79,174	5.15	65.04
	EURO	-	-	77.70	877	0.07	80.62
Trade payables	USD	24,533,506	1,697.01	69.17	18,796,382	1,222.59	65.04
	EURO	217,478	16.90	77.70	221,217	17.84	80.62
	GBP	-	-	90.48	5,156	0.48	92.28
	CAD	1,082	0.06	51.91	-	-	50.82
	CHF	-	-	69.52	25,192	1.72	68.34
	CNY	-	-	10.86	54,907	0.57	10.31
Capital creditors	USD	-	-	69.17	179,327	11.66	65.04
	GBP	-	-	90.48	26,971	2.49	92.28
	EURO	17,848	1.39	77.70	43,759	3.53	80.62
Trade receivables	USD	37,220,255	2,574.57	69.17	29,615,264	1,926.30	65.04
	EURO	4,511,403	350.55	77.70	3,124,351	251.89	80.62
	GBP	6,250	0.57	90.48	4,250	0.39	92.28
	CAD	75,000	3.89	51.91	37,000	1.88	50.82
Cash and cash equivalents*	USD	-	-	69.17	1,245	0.08	65.04
	SGD	-	-	51.22	5,000	0.25	49.83
	EURO	20	0.00	77.70	-	-	-
	ILS	527	0.01	19.07	-	-	-

* Amount less than Indian Rupees 10,000

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

c) Foreign currency sensitivity:

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

	Change in USD rate		Effect on profit before tax	
	Increase	Decrease	Increase/(Decrease)	
March 31, 2019				
USD	1.00%	1.00%	(9.12)	9.12
EURO	1.00%	1.00%	3.45	(3.45)
March 31, 2018				
USD	1.00%	1.00%	(21.76)	21.76
EURO	1.00%	1.00%	(4.98)	4.98

d) Hedges of highly probable forecasted transactions:

In respect of hedges of highly probable forecasted transactions, the Group recorded, as a component of equity, a net loss of ₹ 10.74 mn for the year ended March 31, 2019 (for the year ended March 31, 2018: ₹ Nil).

The net carrying amount of the Group's "hedging reserve" as a component of equity before adjusting for tax impact is ₹ 10.74 mn as at March 31, 2019 (as at March 31, 2018: ₹ Nil).

The below table summarises the periods when the cash flows associated with highly probable forecasted transactions that are classified as cash flow hedges are expected to occur.

Particulars	USD Million	
	March 31, 2019	March 31, 2018
Not later than one month	8.00	-
Later than one month and not later than three months	7.20	-
Total	15.20	-

38. Group Information

Information about subsidiaries

The consolidated financial statements of the Group includes subsidiaries listed in the table below:

Name	Principal activities	Country of incorporation	March 31, 2019	March 31, 2018
Laurus Synthesis Inc.	Chemistry, IP Development and related services to the global Pharmaceutical community	USA	100%	100%
Sriam Labs Private Limited	Active Pharmaceutical Ingredients (APIs) and Intermediates	India	100%	100%
Laurus Holdings Limited (refer note 1)	Business support services in the fields of pharmaceuticals	UK	100%	100%
Laurus Generics Inc. (refer note 2)	Pharmaceutical and related services	USA	100%	100%
Laurus Generics GmbH (refer note 3)	Pharmaceutical and related services	Germany	100%	100%

- 1) The Company incorporated wholly owned subsidiary, Laurus Holdings Limited in UK on July 10, 2017 and consolidated the same with effect from January 01, 2018 as the transactions between the period July 10, 2017 to December 31, 2017 were not material.
- 2) The Company, through its wholly owned subsidiary, Laurus Holdings Limited, incorporated step down subsidiary, Laurus Generics Inc., USA on August 07, 2017 and consolidated the same with effect from January 01, 2018 as the transactions between the period August 07, 2017 to December 31, 2017 were not material.
- 3) The Company, through its wholly owned subsidiary, Laurus Holdings Limited, incorporated step down subsidiary, Laurus Generics GmbH., Germany. The incorporation was finalised on April 06, 2018.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

39. Business combination

Acquisition during the year ended March 31, 2018:

The Parent Company (Laurus Labs Limited) acquired the existing assets and liabilities of an API unit located at Visakhapatnam of Sriam Labs Private Limited, a wholly owned subsidiary of the Parent Company, on a slump sale basis w.e.f. December 01, 2017. The Parent Company accounted for the business combination in accordance with the requirement of Appendix C of Ind AS 103 Business Combination which lays down the principles in respect of accounting for business combinations of entities or businesses under common control. As required by the standard, pooling of interest method has been considered for common control business combination and accordingly, the assets and liabilities are reflected in the books of the Parent Company at their respective carrying amounts. There is no impact of this transaction on the consolidated financial statements.

40. Capital management

For the purpose of the Group'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 Group's capital management is to maximise the shareholder value.

The Group manages its capital structure in consideration to the changes in economic conditions and the requirements of the financial covenants. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group intends to keep the gearing ratio between 0.5 to 1.5. The Group includes within net debt, borrowings including interest accrued on borrowings, less cash and short-term deposits.

	March 31, 2019	March 31, 2018
Borrowings including interest accrued on borrowings (Note 13)	10,399.16	9,825.79
Less: cash and cash equivalents; other balances with banks (Note 10A and 10B)	(30.21)	(30.57)
Net debt	10,368.95	9,795.22
Equity	1,064.37	1,060.30
Other equity	14,519.70	13,766.09
Total Equity	15,584.07	14,826.39
Gearing ratio (Net debt/ Total equity)	0.67	0.66

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2019.

41. Commitments and Contingencies

a. Leases

Operating and finance lease commitments - Group as lessor

The Group has entered into agreement to manufacture and supply intermediates produced at a dedicated block constructed exclusively for the lessee. The Group has identified assets under operating and finance lease based on the factors indicated under Appendix C to Ind AS 17 and terms of the agreement, viz., economic life of the asset vs. lease term, ownership of the asset after the lease term. This lease term of assets under operating lease is upto 10 years.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

	March 31, 2019	March 31, 2018
Within one year	38.92	38.96
After one year but not more than five years	155.68	155.85
More than five years	638.80	677.51

Future minimum rentals receivable under non-cancellable finance leases are as follows:

	March 31, 2019	March 31, 2018
Within one year	163.25	163.47
After one year but not more than five years	540.92	607.65
More than five years	113.44	209.74

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

Operating lease commitments - Group as lessee

The Group has entered into operating leases agreement on Land, with lease terms between 33-51 years. Also, the Group has taken certain office premises on leases, with lease term of 5 years and is renewable for further periods. There are escalation clauses in the office premises lease agreement to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

	March 31, 2019	March 31, 2018
In case of land taken on lease		
Lease payment recognised in the Statement of Profit and Loss	11.86	10.56
Minimum lease payments under non cancellable operating leases payable:		
Within one year	11.86	10.92
After one year but not more than five years	47.44	43.69
More than five years	274.35	255.44

b. Commitments

	March 31, 2019	March 31, 2018
Estimated amount of contracts remaining to be executed on capital account and not provided for	429.79	732.35

c. Contingent Liabilities

	March 31, 2019	March 31, 2018
(i) Outstanding bank guarantees (excluding performance obligations)	138.44	192.86
(ii) Bills discounted	443.35	455.96
(iii) Claims arising from disputes not acknowledged as debts - direct taxes*	66.16	10.10
(iv) Claims arising from disputes not acknowledged as debts - indirect taxes	304.33	265.28
(v) On account of provident fund liability	75.74	-

* Include amount of ₹ 56.06 for which the assessing officer has disallowed an amount of ₹ 169.88 for the assessment year 2016-17 which may result in reduction of mat credit entitlement.

42. Expenditure during construction period (pending allocation)

	March 31, 2019	March 31, 2018
Opening balance	-	0.69
Operating lease commitments - Group as lessee	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2019

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

44. Summary of net assets and profit and loss:

Name of the entity	Net Assets*		Share in Profit/ (Loss)		Share in other comprehensive income		Share in total comprehensive income	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	As % of consolidated net assets	Amount	As % of consolidated profit/ (loss)	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
A. Parent	102.66%	15,997.93	101.31%	949.91	100.65%	(30.71)	102.03%	919.20
		15,221.94		1,794.26		0.18		1,794.44
B. Subsidiary incorporated in India								
Sriam Labs Private Limited	0.81%	126.47	5.86%	54.94	-0.62%	0.19	6.12%	55.13
		71.33		(73.61)				(73.02)
C. Subsidiary incorporated outside India								
Laurus Synthesis Inc.	-0.59%	(92.18)	-0.31%	(2.92)	-	-	-0.32%	(2.92)
Laurus Holdings Limited	-0.08%	(12.56)	-6.59%	(61.78)	-	-	-6.86%	(61.78)
Total	102.80%	16,019.66	100.27%	940.15	100.03%	(30.52)	100.97%	909.63
Consolidation adjustments	-2.80%	(435.59)	-0.27%	(2.51)	-0.03%	0.01	-0.97%	(8.73)
		(375.89)		2.08				1.51
Net amount	100.00%	15,584.07	100.00%	937.64	100.00%	(30.51)	100.00%	900.90
		14,826.39		1,676.10		0.77		1,676.30

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

Note :

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

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

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

Place: Hyderabad
Date: May 02, 2019

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

G. Venkateswar Reddy
Company Secretary



Laurus Labs Limited

Regd. Office: Plot No.21, Jawaharlal Nehru Pharma City, Parawada, Visakhapatnam – 531 021

Corp. Office: 2nd Floor, Serene Chambers, Road No.7, Banjara Hills, Hyderabad – 500 034

CIN No: L24239AP2005PLC047518

NOTICE

Notice is hereby given that the 14th Annual General Meeting of the Members of Laurus Labs Limited (the Company) will be held at Oyster Hall, Waltair Club, Opposite Government Circuit House, Siripuram, Visakhapatnam – 530003, **Andhra Pradesh at 3.00 p.m. on Thursday the 11th day of July, 2019**, to transact the following business:

ORDINARY BUSINESS :

1. To consider and adopt the audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2019, the reports of Board of Directors and Auditors thereon
2. To consider and adopt the audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2019 and report of Auditors thereon.
3. To declare dividend on equity shares of the Company for the Financial Year 2018-19.
4. To appoint a Director in place of Mr.Chandrakanth Chereddi (DIN 06838798), who retires by rotation and, being eligible, offers himself, for re-appointment.
5. To appoint a Director in place of Dr. Venkata Lakshmana Rao Chunduru (DIN 06885453), who retires by rotation and, being eligible, offers himself, for re-appointment.

SPECIAL BUSINESS:

6. TO APPROVE THE REMUNERATION PAYABLE TO COST AUDITORS FOR THE FINANCIAL YEAR ENDING 2019-20

To consider, and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED THAT, pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder, the Cost Auditors, M/s. Bharathula & Associates, appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year 2019-20, be paid a remuneration of ₹ 3,50,000/- (Rupees three lakhs and fifty thousand only) per annum and out of pocket & other expenses and GST at actuals.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all such acts, matters, deeds and things as may be necessary to give effect to the above resolution.”

7. APPROVAL FOR PAYMENT OF REMUNERATION TO DR. SATYANARAYANA CHAVA, EXECUTIVE DIRECTOR & CHIEF EXECUTIVE OFFICER (DIN 00211921) OF THE COMPANY

To consider and, if thought fit, to pass the following resolution with or without modifications, as a Special Resolution:

“RESOLVED THAT pursuant to Regulation 17(6)(e) of SEBI (LODR) Regulations, 2015, Dr.Satyanarayana Chava, Executive Director and Chief Executive Officer of the Company (Director Identification Number 00211921) (hereinafter referred to as “Executive Director”) shall be paid the following remuneration from April 1, 2019 for the remaining period of his current term:

(a) Salary:

The Executive Director’s aggregate salary shall be ₹ 79.86 Million (Rupees seventy-nine million eight hundred sixty thousand only) per annum payable in 12 (twelve) monthly instalments (**“Annual Salary”**). The aforesaid salary shall be subject to deductions for income tax, contributions to provident fund, gratuity fund or superannuation fund and all other statutory deductions required to be made by the Company in accordance with applicable Laws. The Annual Salary shall stand increased by 10% every financial year (effective from 1st April of each year).

(b) Business Expenses:

The Executive Director shall be reimbursed by the Company for all reasonable out of pocket expenses incurred pertaining to or in connection with the performance of his duties under this Agreement in line with the Company’s expenses policy. In the event, the Executive Director is required to travel, whether within India or abroad in relation to the obligations imposed on the Executive Director, such travel shall be in accordance with the Company travel policy.

(c) Annual Bonus:

- (i) The Company shall pay the Executive Director a bonus of such amount as may be determined in accordance with (ii) below, based upon achievement of performance criteria in respect of each completed financial year with effect from April 1, 2019.
- (ii) For every financial year, the Executive Director shall be eligible to receive a bonus (which shall be paid immediately upon the Board approving

the audited financial statements of the Company for the corresponding financial year) based upon the Company's achievement of the consolidated EBITDA projection for a financial year (on the basis that the consolidated non-interest financial charges are deducted while calculating the consolidated EBITDA and any EBITDA from acquisitions during the year be excluded, if it is so included in the consolidated EBITDA) ("**Target**") in the following manner:

- (A) Less than 75 % of the Target = zero bonus;
- (B) 75 % or more of the Target = bonus equal to the percentage of the Target achieved multiplied by the Annual Salary (as increased on a yearly basis),

provided that the amount of bonus paid pursuant to this clause will not exceed 120 % of the Annual Salary.

(d) Leave entitlement

During the Term, the Executive Director shall be entitled (in addition to the usual public and bank holidays) to 20 (twenty) calendar days' of paid leave in each year as per the Company policy.

(e) Benefits

The Executive Director shall be entitled to participate, along with the other employees of the Company, in any of the employee benefit and compensation plans, whether statutory or otherwise, as may be generally available to employees of the Company including car, leave travel allowance, gratuity, medical, health, insurance plans but excluding employee stock option plans. The Executive Director shall be provided with one recognized club membership of his choice for himself and his family at Hyderabad and the Executive Director shall inform the Board of his choice."

8. APPROVAL FOR PAYMENT OF REMUNERATION TO Mr.V.V.RAVI KUMAR, EXECUTIVE DIRECTOR & CHIEF FINANCIAL OFFICER (DIN 01424180) OF THE COMPANY

To consider and, if thought fit, to pass the following resolution with or without modifications, as a Special Resolution:

"RESOLVED THAT pursuant to Regulation 17(6)(e) of SEBI (LODR) Regulations, 2015, Mr.V.V.Ravi Kumar, Executive Director and Chief Financial Officer of the Company (Director Identification Number 01424180) (hereinafter referred to as "Executive Director") shall be paid the following remuneration from April 1, 2019 for the remaining period of his current term:

(a) Salary:

The Executive Director's aggregate salary shall be ₹ 22.54 Million (Rupees twenty-two million five hundred forty thousand only) per annum payable in 12 (twelve) monthly instalments ("**Annual Salary**"). The aforesaid salary shall be subject to deductions for income tax, contributions to provident fund, gratuity fund or superannuation fund and all other statutory deductions required to be made by the Company in accordance with applicable Laws. The Annual Salary shall stand increased by 10% every financial year (effective from 1st April of each year).

(b) Business Expenses:

The Executive Director shall be reimbursed by the Company for all reasonable out of pocket expenses incurred pertaining to or in connection with the performance of his duties under this Agreement in line with the Company's expenses policy. In the event, the Executive Director is required to travel, whether within India or abroad in relation to the obligations imposed on the Executive Director, such travel shall be in accordance with the Company travel policy.

(c) Annual Bonus:

- (i) The Company shall pay the Executive Director a bonus of such amount as may be determined in accordance with (ii) below, based upon achievement of performance criteria in respect of each completed financial year with effect from April 1, 2019.
- (ii) For every financial year, the Executive Director shall be eligible to receive a bonus (which shall be paid immediately upon the Board approving the audited accounts of the Company for the corresponding financial year) based upon the Company's achievement of the consolidated EBITDA projection for a financial year (on the basis that the consolidated non-interest financial charges are deducted while calculating the consolidated EBITDA and any EBITDA from acquisitions during the year be excluded, if it is so included in the consolidated EBITDA) ("**Target**") in the following manner:

- (A) Less than 75 % of the Target = zero bonus;
- (B) 75 % or more of the Target = bonus equal to the percentage of the Target achieved multiplied by the 50 % of Annual Salary (as increased on a yearly basis),

provided that the amount of bonus paid pursuant to this clause will not exceed 60 % of the Annual Salary.

(d) Leave entitlement

During the Term, the Executive Director shall be entitled (in addition to the usual public and bank holidays) to 20 (twenty) calendar days' of paid leave in each year as per the Company policy.

(e) Benefits

The Executive Director shall be entitled to participate, along with the other employees of the Company, in any of the employee benefit and compensation plans, whether statutory or otherwise, as may be generally available to employees of the Company including car, leave travel allowance, gratuity, medical, health, insurance plans but excluding employee stock option plans. The Executive Director shall be provided with one recognized club membership of his choice for himself and his family at Hyderabad and the Executive Director shall inform the Board of his choice."

9. APPROVAL FOR PAYMENT OF REMUNERATION TO Mr. CHANDRAKANTH CHEREDDI, EXECUTIVE DIRECTOR (DIN 06838798) OF THE COMPANY

To consider and, if thought fit, to pass the following resolution with or without modifications, as a Special Resolution:

"RESOLVED THAT pursuant to Regulation 17(6)(e) of SEBI (LODR) Regulations, 2015, Mr.Chandrakanth Chereddi, Executive Director (Director Identification Number 06838798) shall be paid the following remuneration from April 1, 2019 for the remaining period of his current term:

(a) Salary:

The Executive Director's aggregate salary shall be ₹ 12.10 Million (Rupees twelve million one hundred thousand only) per annum payable in 12 (twelve) monthly instalments ("**Annual Salary**"). The aforesaid salary shall be subject to deductions for income tax, contributions to provident fund, gratuity fund or superannuation fund and all other statutory deductions required to be made by the Company in accordance with applicable Laws. The Annual Salary shall stand increased by 10% every financial year (effective from 1st April of each year).

(b) Business Expenses:

The Executive Director shall be reimbursed by the Company for all reasonable out of pocket expenses incurred pertaining to or in connection with the performance of his duties under this Agreement in line with the Company's expenses policy. In the event, the Executive Director is required to travel, whether within India or abroad in relation to the obligations imposed on the Executive Director, such travel shall be in accordance with the Company travel policy.

(c) Annual Bonus:

(i) The Company shall pay the Executive Director a bonus of such amount as may be determined in accordance with (ii) below, based upon achievement of performance criteria in respect of each completed financial year with effect from April 1, 2019.

(ii) For every financial year, the Executive Director shall be eligible to receive a bonus (which shall be paid immediately upon the Board approving the audited accounts of the Company for the corresponding financial year) based upon the Company's achievement of the consolidated EBITDA projection for a financial year (on the basis that the consolidated non-interest financial charges are deducted while calculating the consolidated EBITDA and any EBITDA from acquisitions during the year be excluded, if it is so included in the consolidated EBITDA) ("**Target**") in the following manner:

(A) Less than 75% of the Target = zero bonus;

(B) 75% or more of the Target = bonus equal to the percentage of the Target achieved multiplied by the 50% of Annual Salary (as increased on a yearly basis),

provided that the amount of bonus paid pursuant to this clause will not exceed 60% of the Annual Salary.

(d) Leave entitlement

During the Term, the Executive Director shall be entitled (in addition to the usual public and bank holidays) to 20 (twenty) calendar days' of paid leave in each year as per the Company policy.

(e) Benefits

The Executive Director shall be entitled to participate, along with the other employees of the Company, in any of the employee benefit and compensation plans, whether statutory or otherwise, as may be generally available to employees of the Company including car, leave travel allowance, gratuity, medical, health, insurance plans but excluding employee stock option plans. The Executive Director shall be provided with one recognized club membership of his choice for himself and his family at Hyderabad and the Executive Director shall inform the Board of his choice."

10. APPROVAL FOR PAYMENT OF REMUNERATION TO DR.VENKATA LAKSHMANA RAO CHUNDURU, EXECUTIVE DIRECTOR (DIN 06885453) OF THE

COMPANY

To consider and, if thought fit, to pass the following resolution with or without modifications, as a Special Resolution:

“RESOLVED THAT pursuant to Regulation 17(6)(e) of SEBI (LODR) Regulations, 2015, Dr.Venkata Lakshmana Rao Chunduru, Executive Director (Director Identification Number 06885453) shall be paid the following remuneration from April 1, 2019 for the remaining period of his current term:

(a) Salary:

The Executive Director’s aggregate salary shall be ₹ 9.90 Million (Rupees nine million nine hundred thousand only) per annum payable in 12 (twelve) monthly instalments (“**Annual Salary**”). The aforesaid salary shall be subject to deductions for income tax, contributions to provident fund, gratuity fund or superannuation fund and all other statutory deductions required to be made by the Company in accordance with applicable Laws. The Annual Salary shall stand increased by 10% every financial year (effective from 1st April of each year).

(b) Business Expenses:

The Executive Director shall be reimbursed by the Company for all reasonable out of pocket expenses incurred pertaining to or in connection with the performance of his duties under this Agreement in line with the Company’s expenses policy. In the event, the Executive Director is required to travel, whether within India or abroad in relation to the obligations imposed on the Executive Director, such travel shall be in accordance with the Company travel policy.

(c) Annual Bonus:

- (i) The Company shall pay the Executive Director a bonus of such amount as may be determined in accordance with (ii) below, based upon achievement of performance criteria in respect of each completed financial year with effect from April 1, 2019.
- (ii) For every financial year, the Executive Director shall be eligible to receive a bonus (which shall be paid immediately upon the Board approving the audited accounts of the Company for the corresponding financial year) based upon the Company’s achievement of the consolidated EBITDA projection for a financial year (on the basis that the consolidated non-interest financial charges are deducted while calculating the consolidated EBITDA and any EBITDA from acquisitions during the year be excluded, if it is so included in the consolidated EBITDA) (“**Target**”) in the following manner:

- (A) Less than 75% of the Target = zero bonus;
- (B) 75% or more of the Target = bonus equal to the percentage of the Target achieved multiplied by the 50% of Annual Salary (as increased on a yearly basis),

provided that the amount of bonus paid pursuant to this clause will not exceed 60% of the Annual Salary.

(d) Leave entitlement

During the Term, the Executive Director shall be entitled (in addition to the usual public and bank holidays) to 20 (twenty) calendar days’ of paid leave in each year as per the Company policy.

(e) Benefits

The Executive Director shall be entitled to participate, along with the other employees of the Company, in any of the employee benefit and compensation plans, whether statutory or otherwise, as may be generally available to employees of the Company including car, leave travel allowance, gratuity, medical, health, insurance plans but excluding employee stock option plans. The Executive Director shall be provided with one recognized club membership of his choice for himself and his family at Hyderabad and the Executive Director shall inform the Board of his choice.”

11. RATIFICATION OF LAURUS EMPLOYEES STOCK OPTION SCHEME 2018 (ESOP SCHEME, 2018)

To consider and, if thought fit, to pass the following resolution with or without modifications, as a Special Resolution:

“RESOLVED THAT the resolution as approved by the members in the Annual General Meeting held on July 5, 2018 to create, offer, issue and allot at any time to or for the benefit of such person(s) who are in the employment of the Company whether whole time or otherwise whether working in India or out of India, excluding Independent Directors, under a Scheme titled “**LAURUS EMPLOYEES STOCK OPTION SCHEME 2018**” (hereinafter referred as the “ESOP Scheme, 2018” or “Scheme”), 300,000 options exercisable into 300,000 equity shares of ₹ 10/- each of the Company at an exercise price of 25% discount on the Fair Market Value of Share as on the date of Grant of Options under the Scheme, in one or more tranches, by the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include any Committee, including Nomination and Remuneration Committee, which may exercise its powers, including the powers conferred by this resolution), pursuant to the provisions of Section 62 and all other applicable provisions, if any, of the Companies Act 2013, the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (the “SBEB Regulations”) (including any

statutory modification(s) or re-enactment of the Act or the SBEB Regulations, for the time being in force) and subject to such other approvals, permissions and sanctions etc. which may be agreed to by the Board of Directors of the Company, be and is hereby approved and ratified”.

“**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to do all such acts, matters, deeds and things as may be necessary to give effect to the above resolution.”

12. APPROVAL OF GRANT OF OPTIONS UNDER LAURUS ESOP PLAN 2018 (ESOP 2018) TO THE ELIGIBLE EMPLOYEES OF THE SUBSIDIARY COMPANIES

To consider and, if thought fit, to pass the following resolutions with or without modifications, as a Special Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 62 and all other applicable provisions, if any, of the Companies Act 2013, the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (the “SBEB Regulations”) (including any statutory modification(s) or re-enactment of the Act or the SBEB Regulations, for the time being in force) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include any Committee, including Nomination and Remuneration Committee, which may exercise its powers, including the powers conferred by this resolution), consent of the Members of the Company be and is hereby accorded to the Board to create, offer and grant such number of employee stock options as may be decided by the Board within the overall limit of number of Stock Options under Laurus Employees Stock Option Scheme, 2018 (“ESOP 2018”) to the present and / or future permanent employees of the subsidiary companies of the Company working in India or abroad and / or directors (including whole-time directors but excluding non-executive independent directors) of the subsidiary companies of the Company in India or aboard and any other individuals / entities as allowed under applicable rules, regulations, guidelines and laws (hereinafter referred to as “employees” or “said employees”) as per the terms and conditions of ESOP 2018 and as may from time to time be allowed under prevailing laws, rules and regulations, and/ or amendments thereto from time to time, on such terms and conditions as may be decided by the board.”

“**RESOLVED FURTHER THAT** the Board be and is hereby authorised to issue and allot equity shares upon exercise of stock options, from time to time, granted under ESOP 2018 and such equity shares allotted shall in all respects rank

pari passu inter-se and with the then existing equity shares of the Company;”

“**RESOLVED FURTHER THAT** in case of any corporate action(s) such as rights issue, bonus issues, stock split, merger and sale of division and others, if any additional stock options are issued by the Board to the option grantees for the purpose of making a fair and reasonable adjustment to the options granted earlier, the ceiling of stock options under ESOP 2018 shall be deemed to be increased/adjusted to the extent of such additional options issued”

“**RESOLVED FURTHER THAT** for the purpose of giving effect to any creation, offer, issue, allotment of equity shares, the Board/Committee be and is hereby authorized on behalf of the Company, to evolve, decide upon and bring in to effect the Scheme and make any modifications, changes, variations, alterations, or revisions in the said Scheme from time to time or to suspend, withdraw or revive the Scheme from time to time as may be specified by any statutory authority and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties, or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company.”

By order of the Board
Laurus Labs Limited

G. Venkateswar Reddy
Company Secretary

Regd. Office:

Plot No.21,
Jawaharlal Nehru Pharma City,
Parawada,
Visakhapatnam - 531 021
E-mail:secretarial@lauruslabs.com

Place: Hyderabad

Date: May 2, 2019

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company. The proxies to be effective should be deposited at the Corporate Office of the Company not later than 48 hours before the commencement of the meeting. Blank proxy form is attached.
2. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.
3. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of Special Business set out above is annexed hereto and forms part of the Notice.

4. Brief resume of Directors proposed to be appointed/re-appointed, nature of their expertise in specific functional areas, name of companies in which they hold directorships and membership/chairmanships of Board Committees and shareholding in the Company as stipulated under SEBI (LODR) Regulations, 2015 are provided in the Report on Corporate Governance forming part of the Annual Report.
 5. Members/Proxies are requested to hand over the enclosed Attendance Slip duly filled in, at the entrance for attending the meeting.
 6. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of Board Resolution authorizing their representatives to attend and vote on their behalf in the meeting.
 7. The Register of Members and Share Transfer Books of the Company will remain closed from July 05, 2019 to July 11, 2019 (both days inclusive) for the Annual General Meeting and for payment of dividend.
 8. Documents referred to in the accompanying Notice and Explanatory Statement are available for inspection at the Corporate Office of the Company during office hours between 11 am and 5 pm on all working days prior to the date of the Annual General Meeting.
 9. Members are requested to notify immediately any change of address to their Depository Participants (DPs) in respect of their holdings in electronic form and to the Registrars of the Company i.e. Karvy Fintech Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad – 500032 in respect of their physical share folios, if any.
 10. Shareholders are requested to bring their copies of Annual Report to the Annual General Meeting.
 11. Members who hold shares in dematerialised form are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting.
 12. Members may also note that the Notice of the 14th Annual General Meeting and the Annual Report for 2018-19 will also be available on the Company's website www.lauruslabs.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Corporate Office in Hyderabad for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: secretarial@lauruslabs.com.
 13. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
 14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company/Karvy.
 15. Members who have not registered their e-mail addresses so far are requested to register their email address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.
 16. Procedure of E-Voting – In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and as per the requirements of the SEBI (LODR) Regulations 2015, your Company is pleased to provide members facility to exercise their right to vote at the 14th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Karvy Fintech Private Limited
- The instructions for E-voting are as follows:
- i. To use the following URL for e-voting: <https://evoting.karvy.com>
 - ii. Shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date, may cast their vote electronically.
 - iii. Enter the login credentials. The E-Voting Event Number + Folio No. or DP ID Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote. If required, please visit <https://evoting.karvy.com> or contact toll free number 1-800-3454-001 for your existing password.
 - iv. After entering the details appropriately, click on LOGIN.
 - v. You will reach the Password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. The system will prompt you to change your password and update any contact details like mobile, email etc. on first login. You may also enter the

secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- vi. You need to login again with the new credentials.
 - vii. On successful login, the system will prompt you to select the EVENT i.e., Laurus Labs Limited.
 - viii. On the voting page, enter the number of shares as on the cut-off date under FOR/AGAINST or alternately you may enter partially any number in FOR and partially in AGAINST but the total number in FOR/AGAINST taken together should not exceed the total shareholding. You may also choose the option ABSTAIN.
 - ix. Shareholders holding multiple folios / demat account shall choose the voting process separately for each folios / demat account.
 - x. Cast your vote by selecting an appropriate option and click on SUBMIT. A confirmation box will be displayed. Click OK to confirm else CANCEL to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, shareholders can login any number of times till they have voted on the resolution.
 - xi. Once the vote on the resolution is cast by the shareholder, he shall not be allowed to change it subsequently.
 - xii. The Portal will be open for voting from 9.00 a.m. on July 08, 2019 to 5.00 p.m. on July 10, 2019.
 - xiii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual for shareholders available at the download section of <http://evoting.karvy.com> or contact Toll Free No. 18003454001.
 - xiv. Corporate / Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution / Power of Attorney / Authority Letter, etc., together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail ID: secretarial@lauruslabs.com. They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_EVENT NO."
17. The facility for voting through polling paper shall be made available at the Annual General Meeting (the "meeting") and the members attending the meeting who have not cast

their votes by remote e-voting shall be able to exercise their right to vote at the meeting.

18. The members who have cast their vote by remote e-voting may also attend the meeting but shall not be entitled to cast their vote again.
19. The Board of Directors of the Company has appointed Mr.Y.Ravi Prasada Reddy (CP No.5360), Proprietor of RPR Associates, a Practicing Company Secretary, as scrutinizer to scrutinize the remote e-voting process and voting at the meeting in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for the said purpose.
20. The voting rights shall be reckoned on the paid-up value of shares registered in the name of the member/ beneficial owner (in case of electronic shareholding) as on the cut-off date i.e. 5th July, 2019.
21. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date i.e. 5th July, 2019 only shall be entitled to avail the facility of remote e-voting/ voting at the meeting.
22. Any person who becomes a member of the Company after dispatch of the Notice of the meeting and holding shares as on the cut-off date may obtain the USER ID and Password in the manner as mentioned below:
 - a. If the mobile number of the member is registered against Folio No. / DP ID Client ID, the member may send SMS : MYEPWD <space> E-Voting Event number+ Folio No. or DP ID Client ID to 9212993399

Example for NSDL : MYEPWD <SPACE>
IN12345612345678

Example for CDSL : MYEPWD <SPACE>
1402345612345678

Example for Physical : MYEPWD <SPACE> XXX1234567890
 - b. If e-mail address or mobile number of the member is registered against Folio No./ DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "forgot password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
 - c. Member may call Karvy's toll free number 1-800-3454-001
 - d. Member may send an e-mail request to einward.ris@karvy.com

23. If the member is already registered with Karvy e-voting platform then he can use his existing User ID and password for casting the vote through remote e-voting.
24. The Scrutinizer, after scrutinizing the votes cast at the meeting and through remote e-voting, will, not later than three days of conclusion of the meeting, make a consolidated Scrutinizer's Report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company www.lauruslabs.com and on the website of the Karvy <https://evoting.karvy.com>. The results shall simultaneously be communicated to the Stock Exchanges.
- (ii) where there is more than one such director, the aggregate annual remuneration to such directors exceeds 5 per cent of the net profits of the listed entity.

In your Company, there are three Promoter Executive Directors namely, Dr.Satyanarayana Chava, Mr.V.V.Ravi Kumar and Dr.C.V.Lakshmana Rao. Another Executive Director Mr.Chandrakanth Chereddi, though is not a Promoter or, if strictly interpreted, does not even belong to Promoter Group, however he is the son-in-law of Dr.Satyanarayana Chava, the Promoter Executive Director and CEO. Hence, as a good governance practice, his remuneration was also considered for the purpose of complying with this regulation. These four executive directors have drawn the following remunerations for the Financial Year 2018-19:

S.No.	Name of the Executive Director	Remuneration drawn/₹*
1	Dr.Satyanarayana Chava	72.65 Mn
2	Mr.V.V.Ravi Kumar	20.43 Mn
3	Mr.Chandrakanth Chereddi	10.91 Mn
4	Dr.C.V.Lakshmana Rao	8.89 Mn
Total		112.88 Mn.

* Excluding Performance Bonus payment

The net profits of the Company for the Financial Year 2018-19 as calculated as per Sec.198 of the Companies Act, 2013 are ₹ 1,345.29 Mn and 5% of the Net Profit works out to ₹ 67.26 Mn. Therefore, the aggregate of remuneration paid/payable to the above Executive Directors is in excess of 5% of Net Profits of the Company.

As a team, these executive directors have been running the Company successfully all these years and have been creating value addition for all the stakeholders of the Company. Other than normal increment of 10% due on April 1, 2019, no other hike is considered in the remuneration amounts as stated in the respective resolutions under item nos. 7 to 10 herein above.

Therefore, the Board of Directors of your Company recommends these resolutions as set out under item nos.7 to 10 for your approval as Special Resolutions as required under Regulation 17(6)(e) of SEBI (LODR) Regulations, 2015, as amended.

None of the Directors or Key Managerial Personnel or relatives of Directors and Key Managerial Persons are, in any way, concerned or interested, financially or otherwise, in this resolution, except to the extent of interest of the respective executive directors and their relatives in the respective resolutions.

Item No.11:

The shareholders in their Meeting held on 5th July 2018 had approved special resolution with regard to Laurus Employees Stock Option Scheme, 2018 based on the explanatory statement provided in the Notice of Annual General Meeting dated 31st May 2018 including the disclosures as required under Rule 12 of Companies (Share Capital and Debentures) Rules, 2014. During the course of providing the in-principle approval, the stock exchanges have advised the Company to provide the necessary disclosures as required under Regulation 6(2) of SEBI (SBEB)

EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT 2013

Item No.6:

The Board, on the recommendation of the Audit Committee, has approved the re-appointment of M/s. Bharathula & Associates, Cost Accountants, as Cost Auditors at a remuneration of ₹ 3,50,000/- (Rupees Three lakhs and Fifty thousand only) per annum plus out of pocket expenses and GST, at actuals, to conduct the audit of the cost records of the Company for the financial year ending 31 March 2020.

In accordance with the provisions of the Section 148 of the Companies Act 2013, read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the members of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No.6 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31 March 2020.

The Board recommends the resolution set forth in the Item No. 6 of the Notice for approval of the members.

None of the Directors or Key Managerial Personnel or relatives of Directors and Key Managerial Persons are, in any way, concerned or interested, financially or otherwise, in this resolution.

Item Nos. 7 to 10:

The new sub-regulation 17(6)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which is effective from April 1, 2019, stipulates as follows:

"The fees or compensation payable to executive directors who are promoters or members of the promoter group, shall be subject to the approval of the shareholders by special resolution in general meeting, if-

- (i) the annual remuneration payable to such executive director exceeds rupees 5 crore or 2.5 per cent of the net profits of the listed entity, whichever is higher; or

Regulations, 2014. Accordingly, the disclosures under Regulation 6(2) of SEBI (SBEB) Regulations, 2014 are being provided to the Shareholders below.

Disclosures as required under Regulation 6(2) of SEBI (SBEB) Regulations, 2014 :

(a) Brief description of the scheme(s):

Under the proposed ESOP 2018 Scheme, it was proposed to issue 300,000 stock options to the eligible employees at an exercise price of a 25 % discount over the Fair Market Value of the share of the Company at the time of granting of options.

(b) The total number of options, SARs, shares or benefits, as the case may be, to be granted : 300,000 options

(c) Identification of classes of employees entitled to participate and be beneficiaries in the ESOP Scheme:

Employees, who have been identified by the Nomination and Remuneration Committee, shall be entitled to participate in the Scheme ("Eligible Employees"). The criteria for determining the eligibility of an Employee to receive Options may be prescribed and/or revised from time to time at the discretion of the Committee.

"Employee" means A permanent and full time employee who is on the payroll of the Company and that of its Subsidiaries, whether working in or outside India; and a non-executive Director, whether located in or outside India;

but excludes: (a) a nominee director and an Independent Director; (b) an executive director/chief executive officer; (c) Directors or employees who are the Promoters of the Company or belong to the Promoter Group; (d) Directors, who either themselves or through a Relative or body corporate directly or indirectly hold more than 1 % of the outstanding shares of the Company; and (e) employees who have resigned from their employment with the Company or the Subsidiaries (as the case may be) as of the Effective Date.

(d) The requirements of vesting and period of vesting :

Options granted shall vest so long as a Participant continues to be in the employment of the Company as on the date of Vesting. Subject to the SEBI (SBEB) Regulations, Vesting of Options granted under the Scheme shall be as follows:

Percentage of Options vested	Date of Vesting
25 %	Two years from the date of Grant
25 %	Three years from the date of Grant
50 %	Four years from the date of Grant

(e) The maximum period (subject to regulation 18(1) and 24(1) of the regulations, as the case may be)) within which the options/SARs/benefit shall be vested : 4 years

(f) The Exercise Price, SAR price, purchase price or pricing formula for arriving at the same:

25 % less than the Fair Market Value of share as on the date of Grant, as decided by the Board and/or the Committee in accordance with the accounting policies specified under Regulation 15 of the SEBI (SBEB) Regulations.

(g) The exercise period and process of exercise :

Subject to a Participant's continued employment with the relevant member of the Group, the Vested Options under this Scheme shall be exercised any time on or after the date of Vesting but on or before the expiry of one year from the date of vesting. Such Exercise may be of all Vested Options or part of the Vested Options.

Exercise of Vested Options shall take place at the time and place designated by the Committee and shall be by executing such documents as may be required under Applicable Laws to issue the relevant Shares to the Participants, in accordance with the Memorandum and Articles of Association and Applicable Laws.

A Vested Option shall be deemed to be exercised only when the Committee receives a written notice of Exercise and the payment of Exercise Price in accordance with this Scheme from a Participant entitled to Exercise the Vested Option.

(h) The appraisal process for determining the eligibility of employees to the ESOP Scheme : To be decided by the Nomination and Remuneration Committee

(i) Maximum no. of options, SARs, Shares, as the case may be, to be issued per employee and in aggregate:

Per employee - As may be decided by the Committee; In aggregate – 3,00,000

(j) Maximum quantum of benefits to be provided per employee under the scheme: As may be decided by the Committee

(k) Whether the scheme(s) is to be implemented and administered directly by the company or through a trust: Directly by the Company

(l) Whether the scheme(s) involves new issue of shares by the company or secondary acquisition by the trust or both: New issue of shares by the Company

(m) The amount of loan to be provided for implementation of the scheme(s) by the company to the trust, its tenure, utilization, repayment terms, etc.:

Not applicable since the Company implements the scheme directly

- (n) Maximum percentage of secondary acquisition (subject to limits specified under the regulations) that can be made by the trust for the purposes of the scheme(s):

Not applicable since the Company implements the scheme directly

- (o) A statement to the effect that the company shall conform to the accounting policies specified in regulation 15:

The company shall conform to the accounting policies specified in regulation 15

- (p) The method which the company shall use to value its options: Fair Value Method

- (q) The following statement, if applicable: 'In case the company opts for expensing of share based employee benefits using the intrinsic value, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value, shall be disclosed in the Directors' report and the impact of this difference on profits and on earnings per share ("EPS") of the company shall also be disclosed in the Directors' report :
Not applicable

The Company has not yet granted any Stock Options to the employees of the Company under this ESOP Scheme, 2018.

A copy of the Scheme is available at the Corporate Office of the Company for inspection by the members.

The Board of Directors of your Company recommends this resolution as set out under item no.11 for your approval and ratification of the same as a Special Resolution based on the above disclosures.

None of the Directors or Key Managerial Personnel or relatives of Directors and Key Managerial Persons are, in any way, concerned or interested, financially or otherwise, in this resolution, except to the extent of their entitlement for ESOPs, if they are entitled for the same, as per the terms and conditions of ESOP Scheme, 2018.

Item No.12:

The Members are aware that the Company has introduced earlier ESOP 2011 and ESOP 2016 and recently ESOP 2018 to reward its employees for their continuous hard work, dedication and support, which has led the Company on the growth path. As the Company is growing, the Company is expanding its wings by creating subsidiary companies and the Company proposes to extend the benefits of ESOPs to the employees of these Subsidiary companies as well, under ESOP Scheme, 2018.

SEBI (SBEB) Regulations, 2014 require separate approval of members by way of special resolution to grant stock options to the employees of subsidiary companies.

Accordingly, a separate resolution under item no.12 is proposed to extend the benefits of the ESOP Scheme 2018 to the employees of subsidiary companies, existing or future, as may be decided by the Nomination and Remuneration Committee from time to time under Applicable Laws.

Disclosures as required under Reg.6(2) of SEBI (SBEB) Regulations, 2014 and other details as provided in item 11 above may be construed and read as part of this item no.12 also.

A copy of the Scheme is available at the Corporate Office of the Company for inspection by the members.

The Board of Directors of your Company recommends this resolution as set out under item no.12 for your approval as a Special Resolution.

None of the Directors or Key Managerial Personnel or relatives of Directors and Key Managerial Persons are, in any way, concerned or interested, financially or otherwise, in this resolution, except to the extent of their entitlement for ESOPs, if they are entitled for the same, as per the terms and conditions of ESOP Scheme, 2018.

By order of the Board
Laurus Labs Limited

G. Venkateswar Reddy
Company Secretary

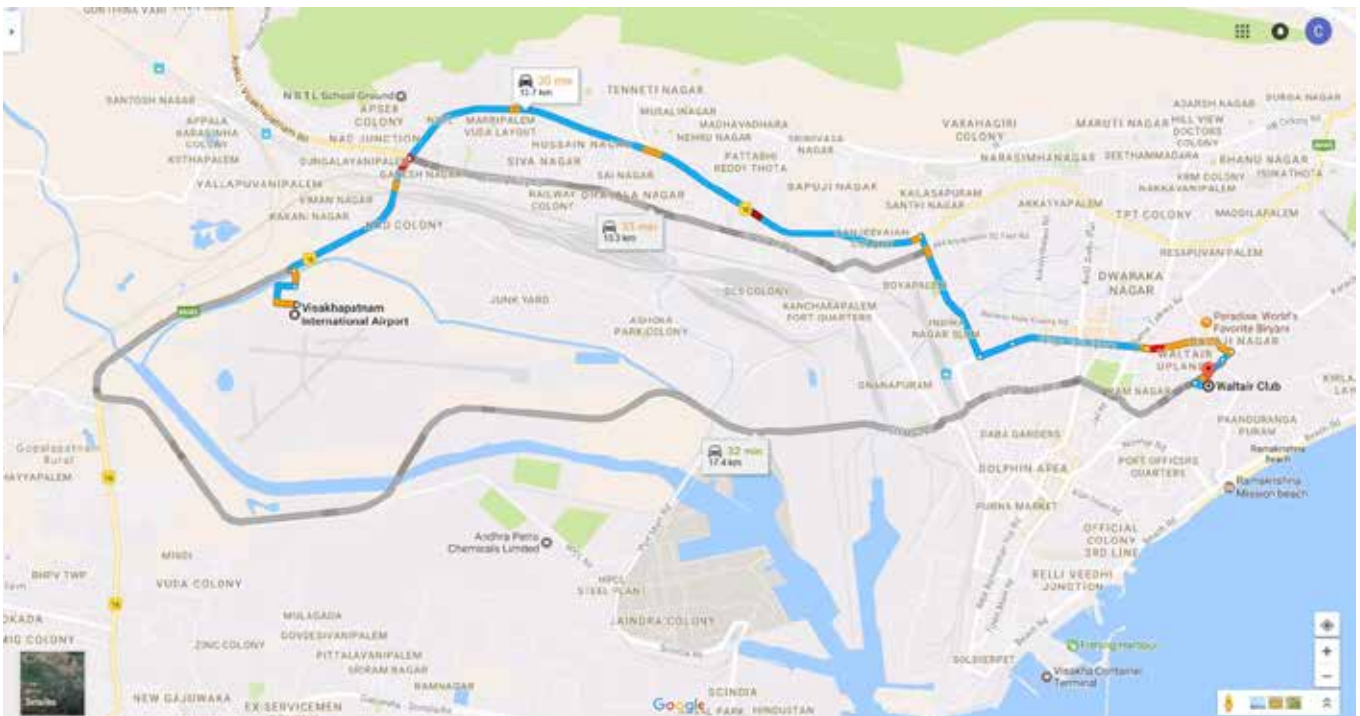
Regd. Office:

Plot No.21,
Jawaharlal Nehru Pharma City,
Parawada,
Visakhapatnam - 531 021
E-mail:secretarial@lauruslabs.com

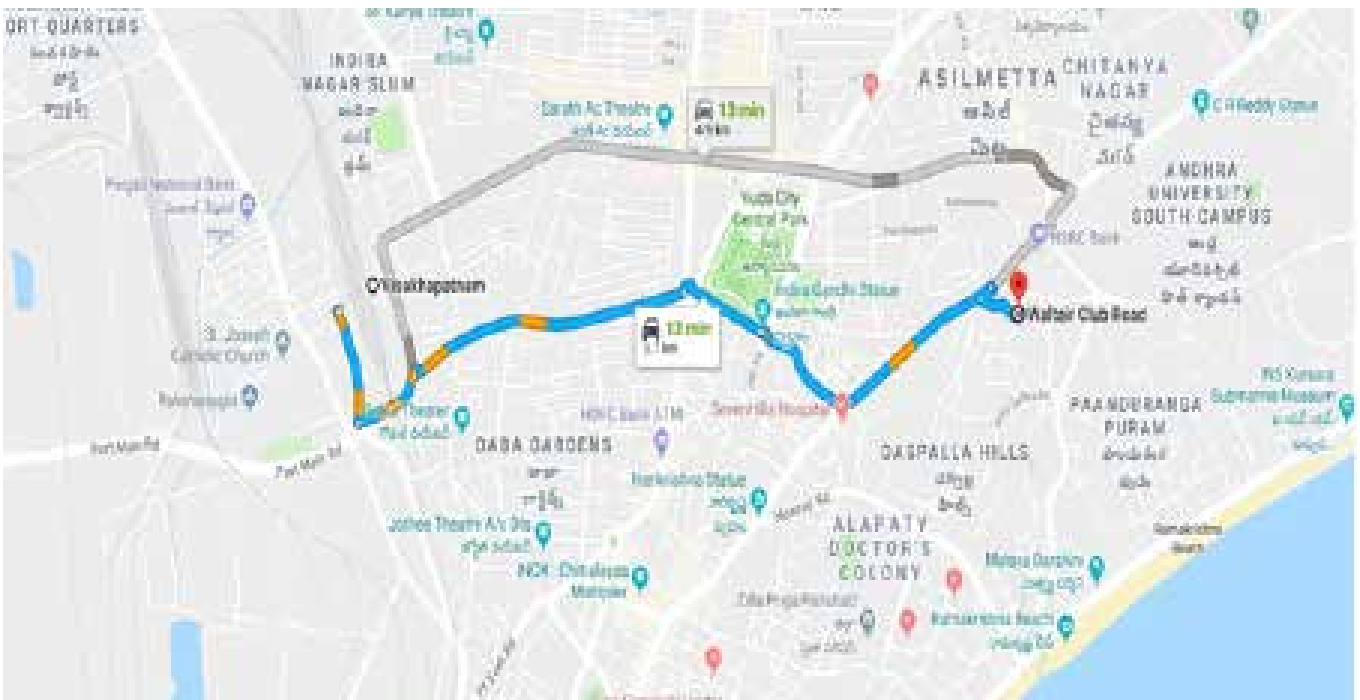
Place: Hyderabad
Date: May 2, 2019

ROUTE MAP FOR THE VENUE OF 14TH ANNUAL GENERAL MEETING

Vizag Airport to Waltair Club



Vizag railway Station to Waltair Club





Laurus Labs Limited

CIN: L24239AP2005PLC047518

Regd. Office: Plot No.21, Jawaharlal Nehru Pharma City, Parawada, Visakhapatnam – 531 021

ATTENDANCE SLIP

I/We hereby record my/our presence at the 14th Annual General Meeting being held on Thursday, July 11, 2019 at 3.00 PM at Waltair Club, Opp. Government Circuit House, Siripuram, Visakhapatnam – 530003.

Name of the shareholder/proxy* No. of shares held

Folio No.:

Client ID:

DP ID:

Signature of Shareholder

*Strikeout whichever is not applicable

Note:

1. Shareholder/Proxy intending to attend the meeting must bring the duly signed Attendance Slip to the Meeting and handover at the entrance.
2. Shareholder/Proxy should bring his/her copy of the Annual Report



Laurus Labs Limited
CIN: L24239AP2005PLC047518

Regd. Office: Plot No.21, Jawaharlal Nehru Pharma City, Parawada, Visakhapatnam – 531 021

Form No. MGT-11
Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: L24239AP2005PLC047518

Name of the Company: Laurus Labs Limited

Registered office: Plot No.21, Jawaharlal Nehru Pharma City, Parawada, Visakhapatnam – 531 021

Name of the member (s):

Registered address:

E-mail Id: Folio No./Client Id:

I/We, being the member (s) of shares of the above named company, hereby appoint

1. Name:.....

Address:

E-mail Id: Signature:, or failing him

2. Name:

Address:

E-mail Id: Signature:, or failing him

3. Name:

Address:

E-mail Id: Signature:, or failing him

And whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 14th Annual General Meeting of the Company, to be held on Thursday, July 11, 2019 at 3.00 PM at Waltair Club, Opp. Government Circuit House, Siripuram, Visakhapatnam – 530003 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution	For	Against
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		
11.		
12.		

Signed this..... day of..... 2019

.....
Signature of Shareholder

.....
Signature of second proxy holder

.....
Signature of first proxy holder

.....
Signature of third proxy holder

Affix a
₹1/-
Revenue
Stamp

Notes:

- 1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

Corporate Information

Directors

Dr. Venu Gopala Rao M
Dr. Satyanarayana C
Mr. Venkata Ravi Kumar V
Mr. Chandrakanth C
Dr. Venkata Lakshmana Rao C
Mr. Narendra Ostawal
Ms. Aruna Bhinge
Dr. Rajesh Koshy Chandy
Mr. Ramesh Subrahmanian
Dr. Ravindranath K

Auditors

M/s. Deloitte Haskins & Sells LLP
Chartered Accountants
KRB Towers, Plot No. 1 to 4& 4A
1st, 2nd & 3rd Floor, Jubilee Enclave
Madhapur, Hyderabad – 500 081

Bankers

State Bank of India
ICICI Bank Limited
Bank of Bahrain & Kuwait B.S.C.
CITI Bank NA
HDFC Bank Limited
Hongkong and Shanghai Banking
Corporation
Ratnakar Bank Limited
Axis Bank Limited
Andhra Bank

Registered Office and Unit 01

Drug Substance Facility

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

Unit 02

Integrated Facility

Plot Nos. 19, 20 & 21
Gurjapalem, APSEZ
Atchutapuram
Visakhapatnam – 531 011, India

Unit 03

Drug Substance Facility

Plot No.18
Jawaharlal Nehru Pharma City, Parawada
Visakhapatnam – 531 021, India

Unit 04

Drug Substance Facility

Plot No.25, Lalamkoduru
Atchutapuram
Visakhapatnam – 531 011, India

Unit 05

Drug Substance Facility

Plot Nos.102 & 103, SEZ
Lemarthi, Parawada
Visakhapatnam – 531021, India

Unit 06

Drug Substance Facility

Plot No.22, D&E, APSEZ de-notified area
Atchutapuram, Rambilli Mandal
Visakhapatnam – 531 011, India

Research & Development Centre

Plot No.DS1 & DS2
IKP Knowledge Park
Turkapally, Shameerpet
Hyderabad – 560 066, India

Subsidiaries

Laurus Synthesis Inc.

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

Sriam Labs Private Limited

3rd Floor, SDE Serene Chambers
Road No.5, Banjara Hills
Hyderabad – 500034, India

Laurus Holdings Limited

South Gate Chambers, 37/39
South Gate Street, Winchester, Hants
United Kingdom, SO23 9EH

Step-down Subsidiaries

Laurus Generics Inc.

200 Bellevue Parkway, Suite 210
Wilmington, County of New Castle
United States of America, 19809

Laurus Generics GmbH

C/o. Alfred E. Tiefenbacher
Van-Der-Smissen-Strasse 1
Hamburg, DE, 22767



Corporate Office

2nd floor, Serene Chambers,
Road No. 7, Banjara Hills,
Hyderabad - 500 034, India.

Phone: +91 40 3980 4333

Fax: +91 40 3980 4320

Email: info@lauruslabs.com

Website: www.lauruslabs.com

CIN:L24239AP2005PLC047518