

CS/BSE/NSE/AR/2016-2017

July 16, 2016

To  
The Manager  
Listing Department  
National Stock Exchange of India Limited  
Exchange Plaza, Bandra Kurla Complex  
Bandra (E), Mumbai – 400 051

To  
The General Manager  
Department of Corporate Services  
BSE Limited  
25th Floor, P. J. Towers,  
Dalal Street, Mumbai - 400 001

Stock Code: SUVEN - EQ

Stock Code: 530239

Dear Sir/Madam,

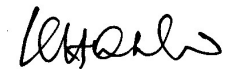
**Sub: Furnishing of 27th Annual Report 2015-16 under Regulation 34 of the SEBI (LODR) Regulations, 2015.**

.....

With reference to the above subject, as per Regulation 34 of the SEBI ((Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the 27th Annual Report 2015-16 which includes Directors' Report, Balance Sheet, Statement of Profit & Loss and cash flow statement. This is for your information and records.

Kindly acknowledge the receipt of the same.

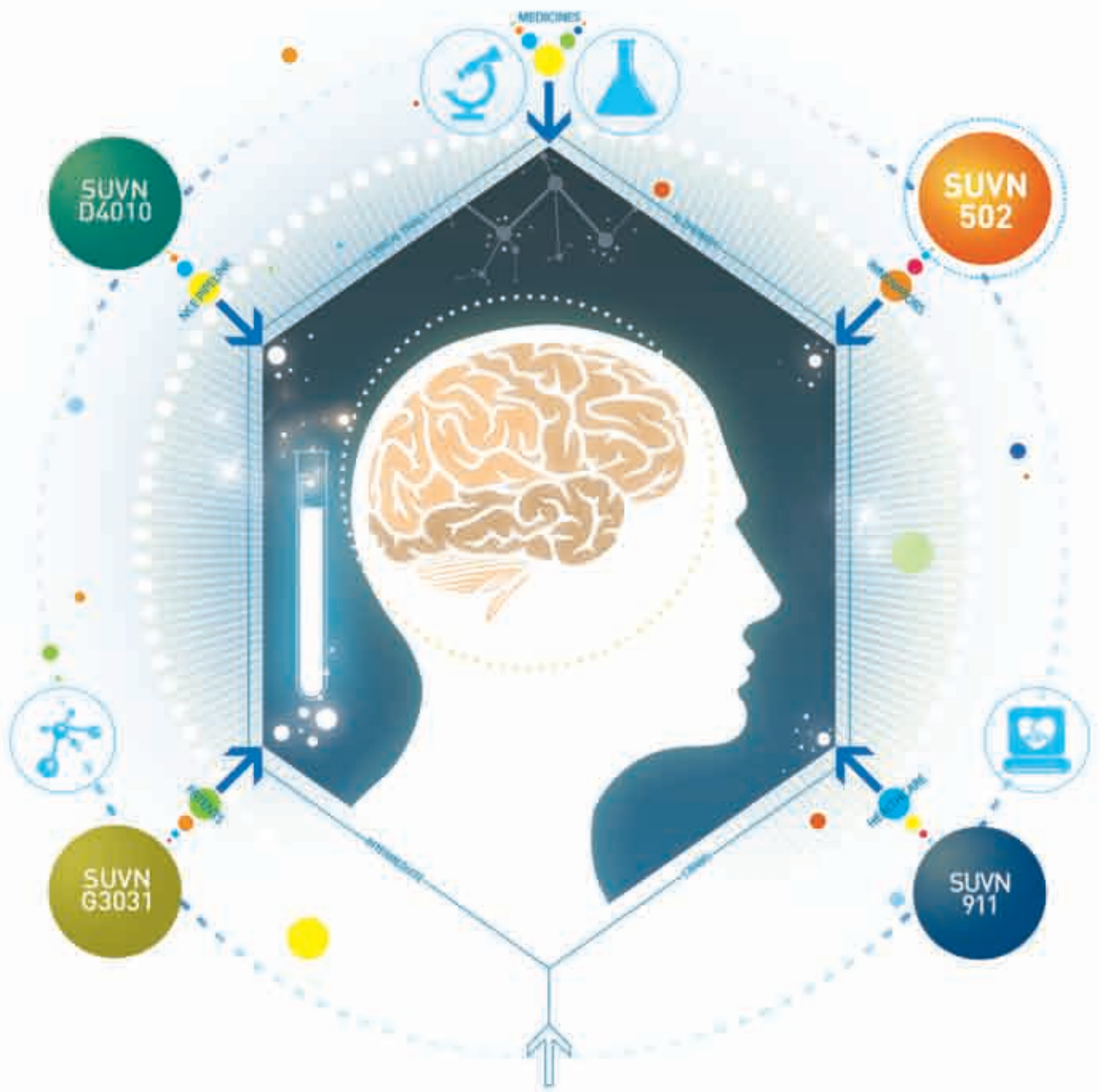
Thanking You,  
Yours faithfully,  
For **Suven Life Sciences Limited**



**K. Hanumantha Rao**  
Company Secretary

## Suven Life Sciences Limited

Registered Office: 8-2-334 | SDE Serene Chambers | 6th Floor Road No.5 | Avenue 7  
Banjara Hills | Hyderabad – 500 034 | Telangana | India | CIN: L24110TG1989PLC009713  
Tel: 91 40 2354 1142/ 3311/ 3315 Fax: 91 40 2354 1152 Email: [info@suven.com](mailto:info@suven.com) website: [www.suven.com](http://www.suven.com)



SUVN LIFE SCIENCES LIMITED | 27TH ANNUAL REPORT  
2015-16

PUTTING IT ALL  
TOGETHER

#### CAUTIONARY STATEMENT

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even

inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

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



# SUVEN LIFE SCIENCES LIMITED.

## RESEARCH-FOCUSED PHARMACEUTICAL PLAYER. WORKING COLLABORATIVELY WITH GLOBAL INNOVATOR COMPANIES.

## STRENGTHENING ITS BUSINESS; ENHANCING NATIONAL RESPECT; HELPING MANKIND COUNTER DISEASE.



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Total CRAMS projects delivered  
*Until 31 March 2016*

755

Relationships with global  
pharmaceutical companies  
*As on 31 March 2016*

57

Percentage of income from  
regulated pharmaceutical markets  
*In 2015-16*

87

Research team  
*As on March 31, 2016*

385

R&D investment as a  
proportion of net revenues  
*In 2015-16*

12%

Revenue from operations (₹ crore)  
*In 2015-16*

500

Net profit (₹ crore)  
*In 2015-16*

95

Net worth (₹ crore)  
*As on 31 March 2015-16*

624

Total Debt (₹ crore)  
*As on 31 March 2015-16*

84

Suven Life Sciences Limited pioneered the NCE-based CRAMS space in India.

A challenging space. A dynamic space. An unpredictable space.

This is what we have to show for our success.

**Robust** business relationships with 20+ global innovators

**Successful** track record of 755+ projects

**Delivery** of more than 95% projects on schedule

**Generated** pre-R&D EBIDTA margin in excess of 25% over the last five years

**Reinforced** leadership in our business niche





TRANSFORMING OUR  
CRAMS VERTICAL

## FROM THE UNPREDICTABLE TO THE STABLE

Even as we have grown our revenues by 152% in the five years ending 2015-16, there is an apprehension that the high-risk NCE-based CRAMS space is not predictable, as Suven's successful project delivery does not guarantee repeat business and an innovator client can terminate molecule development.

For all the pessimists, we have a message.

After two decades of passionate engagement in the CRAMS space, Suven is at the cusp of transforming an unpredictable business towards increased stability.

We believe that this transformation will become increasingly manifest for some good reasons.

**Commercial volumes for molecule launches:** We supplied pre-launch quantities of intermediates for three molecules pertaining to three therapeutic indications – rheumatoid arthritis for a US-based innovator, anti-depressant and an anti-diabetic for European innovators. The commercial volumes for these products are expected to commence in 2016-17 and continue over the next few years.



**Intermediate for specialty chemicals:** We supply a complex speciality intermediary (derived from our CRAMS competence). The sales volume of this intermediate strengthened by 40% in 2015-16 and we expect to maintain similar volumes over the next few years.

**ANDAs:** In addition to the exclusive marketing license for our Malathion lotion to Taro Pharmaceuticals for the US and Canada, we filed three ANDAs in collaboration with customers; the maturing of these ANDAs could lead to attractive revenues.

Stable revenues from speciality chemicals and commercial supplies could lead to annuity revenues and topline growth of about 10-15%, reducing income volatility and providing stability.

# 3

We filed three ANDAs in collaboration with customers; the maturing of these ANDAs could lead to attractive revenues.





GRADUATING OUR  
NCE INITIATIVE

## FROM HIGH-RISK TO HIGH-RETURN



Even as our innovative pipeline received 984 product patents for 28 inventions and 38 process patents for 8 inventions, there is a lurking worry about the pace of our NCE development.

The fears are not misplaced. Of every 100 candidates initiated for clinical development the world over, only one on average succeeds to fruition.

At Suven, we possess a stronger average. Three of our NCE candidates moved into advanced stages in the molecule development lifecycle, making their prospective monetisation an increasing possibility.

**Our** flagship candidate SUVN 502 initiated phase 2A study in USA under US-IND and expected completion by last quarter of 2017.

**Our** SUVN-G3031 candidate completed Phase 1 trials in USA under US-IND successfully, undergoing long-term toxicology studies prior to entering Phase 2 trials.

**Our** SUVN-D4010 candidate completed Phase 1 clinical trials in USA under US-IND and will enter into long-term toxicological studies to move into Phase 2 clinical trial.

**Our** SUVN-911 candidate is in preparation for entering into Phase 1 clinical trials.

Even as per conservative estimates, the successful monetisation of even a single molecule has the potential to significantly advance business prospects (financially) and respect (globally).

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# 25

Planned investment (US\$, mn) by Suven in developing SUVN 502 through Suven, Inc., for Phase 2A clinical development program in USA.

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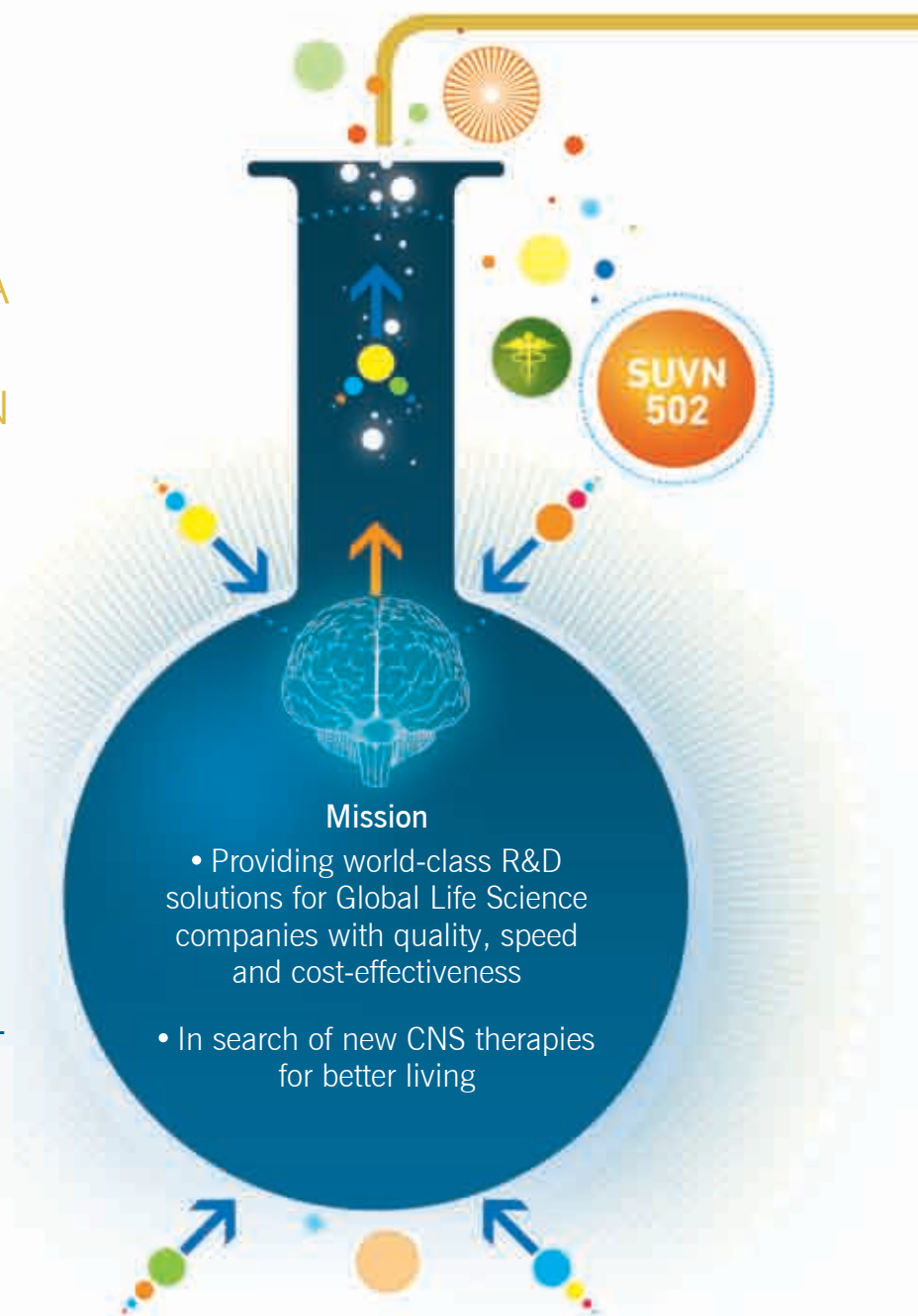
ABOUT THE  
CORPORATE

SUVEN LIFE SCIENCES.  
PIONEERED NCE-BASED  
CRAMS IN INDIA AND IS A  
LEADER IN THIS SPACE.

AMONG THE FEW INDIAN  
PHARMACEUTICAL  
PLAYERS FOCUSED  
ON DEVELOPING NEW  
CHEMICAL ENTITIES  
IN THE COMPLEX CNS  
SPACE.

RESPECTED OUTLIER IN  
A HIGH-PROFIT NICHE.

MAKING IT A COMPANY  
ATTRACTING GROWING  
RESPECT IN THE GLOBAL  
RESEARCH-LED  
PHARMACEUTICAL  
INDUSTRY.



60%

Promoters' holding,  
March 31, 2016

7%

Institutional holding,  
March 31, 2016

2,452

Market capitalisation,  
March 31, 2016  
(₹ crore)



#### BACKGROUND

Headquartered in Hyderabad (India), Suven Life Sciences Limited is a niche pharmaceutical company.

The Company provides CRAMS for drug discovery and the development of molecules

for innovators, one of the few listed companies in this niche in India.

The Company's competence lies in process research, custom synthesis and NCE development support services,

enjoying the confidence of more than 20 global pharmaceutical companies.

The Company's shares are listed on the BSE and National Stock Exchange in India.

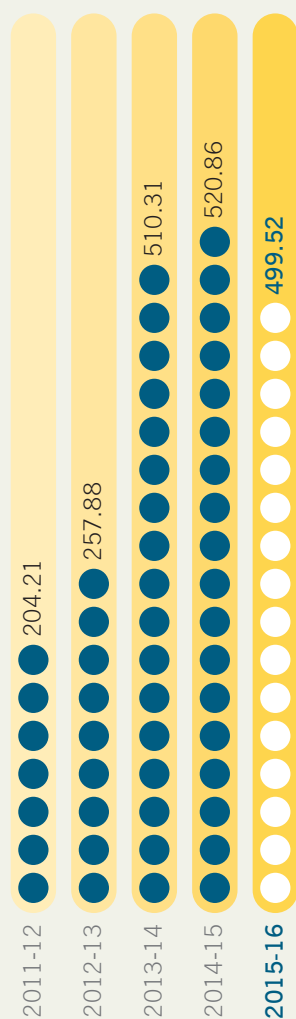
#### OUR GLOBAL PARTNERS



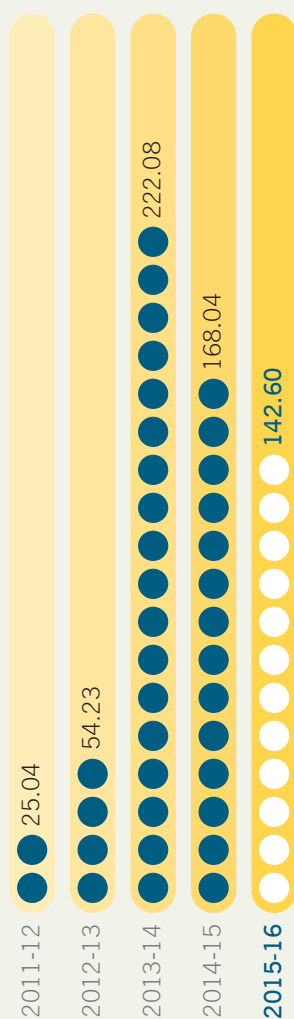


# GOOD RESEARCH = GOOD BUSINESS + GOOD RETURNS

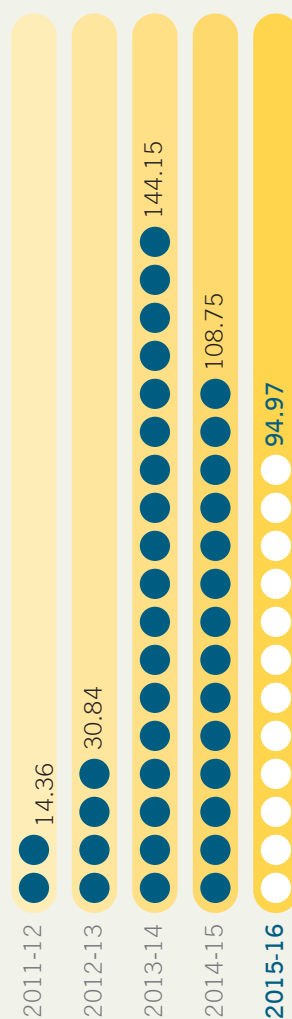
Net sales (₹ crore)



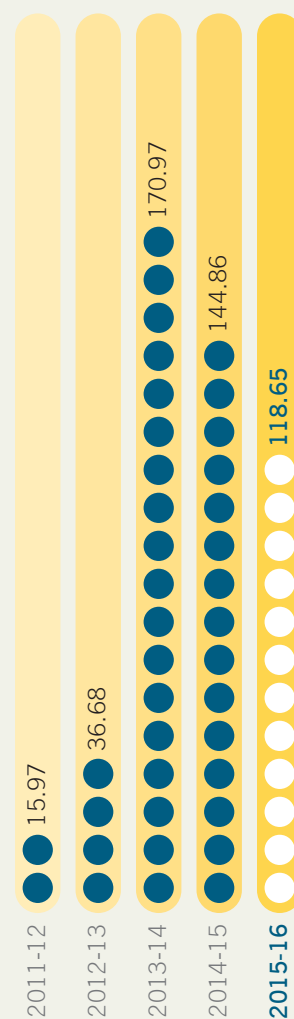
EBITDA (₹ crore)



Net profit (₹ crore)

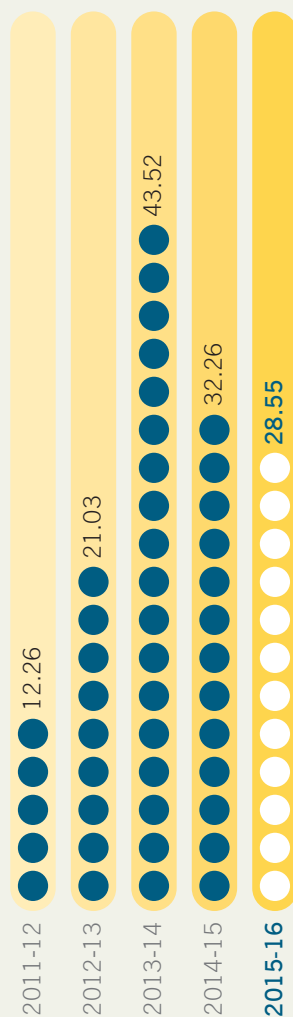


Cash profit (₹ crore)

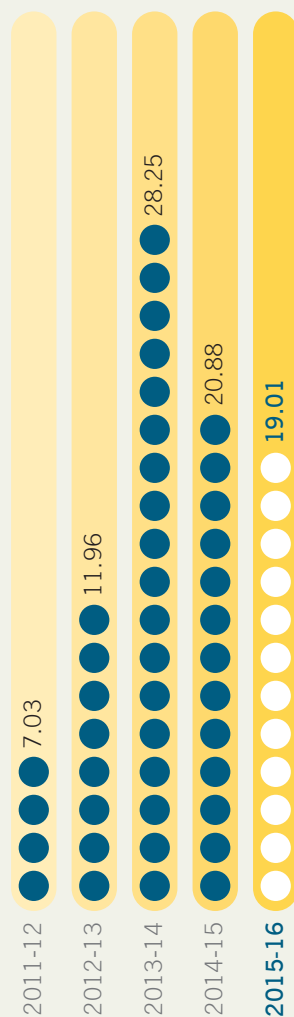




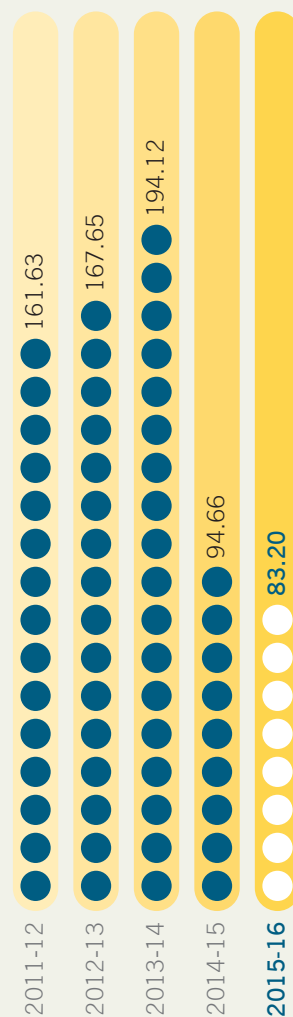
#### EBITDA margin (%)



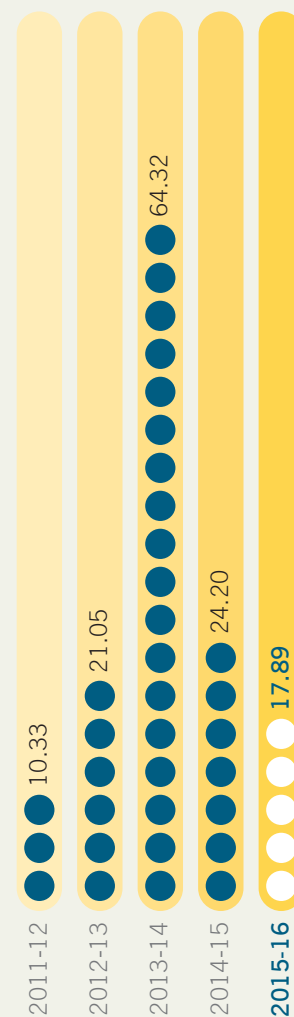
#### Net margin (%)



#### ROE (%)



#### ROCE (%)





STATEMENT FROM THE  
CHAIRMAN'S DESK

## SUVEN'S BUSINESS MODEL IS TRANSFORMING FROM THE PERCEIVED UNPREDICTABLE TO THE INCREASINGLY STABLE.

*Dear shareholders,*  
**FISCAL 2015-16 WAS A CHALLENGING YEAR FOR OUR BUSINESS.**

The year proved challenging because as the prevailing business environment compelled global innovator companies to reduce their R&D budgets and moderate the growth in their existing pipeline.

This reality resulted in reduced opportunities and termination of a number of projects, affecting our growth and profitability.

The result was that our company reported a decline in revenues, EBITDA and net profit by 2%, 15% and 13% respectively over the previous year. This decline would have been sharper but for an increase in speciality chemical intermediate volumes.

I must indicate that this volume increase coincided with the commissioning of our Vishakhapatnam facility. The speciality chemical vertical generated ₹224 crore in revenues for the whole year, a 40% growth over the previous year.

For years, our story was being addressed with revenue haziness. The more pertinent message that I wish to communicate is that Suven's business model is transforming from the perceived unpredictable to the increasingly stable due to stable business in speciality chemicals and commercialised products in CRAMS.

Revenue visibility and stable cash flows are critical at this juncture of Suven's journey for a good reason. We need large cash flows to take our exciting NCE pipeline of four candidates in the clinical trial stage – SUVN-502 (Phase 2A), SUVN-G3031 and SUVN-D4010 (Phase 1) and SUVN-911 ready to start Phase 1. It is estimated that for clinical development of SUVN-502, for Phase 2A study in USA, the Company would need to invest US\$25 million.

At Suven, we are prepared for this game-changer. Our war chest of about ₹241 crore in cash as on March 31, 2016 and cash flow visibility from our CRAMS business over a three to five year horizon (conservatively) provides comfort in taking our NCE development ahead to its logical conclusion.





**MR VENKAT JASTI**  
CHAIRMAN AND CEO

**₹30<sup>cr</sup>**

Value of the first order received in 2016-17 for the commercial supply of one molecule launch.

We have created Suven Inc., a clinical-stage biopharmaceutical company focused on acquisition, development and commercialisation of novel therapeutics for the treatment of neurodegenerative disorders. This US-subsiary will facilitate the unlocking of true value for our advanced stage NCE candidates through IPOs or out-licensing opportunities. Based on the licencing deals in the similar space, a single NCE licencing expected to fetch substantial revenue opportunity thus forming an inflection point in our business and global recognition.

**Message to shareholders**

I am confident that 2016-17 should emerge as new growth phase.

While we are reasonably optimistic of our CRAMS business, we are hopeful of unlocking value from our NCE pipeline as our novel candidates make steady progress towards the finish line.

The best is yet to be.

**₹241<sup>cr</sup>**

Our war chest of about ₹241 crore in cash as on March 31, 2016 and cash flow visibility from our CRAMS business over a three to five year horizon (conservatively) provides comfort in taking our NCE development ahead to its logical conclusion.





## THE CRAMS AND NCE CONNECT

FOR YEARS, SUVEN CREATED A STABLE BUSINESS MODEL IN THE CHALLENGING CRAMS SPACE BEFORE GRADUATING INTO THE HIGH-RISK NCE PROGRAM.

**Goal:** Being integral to the global innovator community provided insights into unmet patient needs.

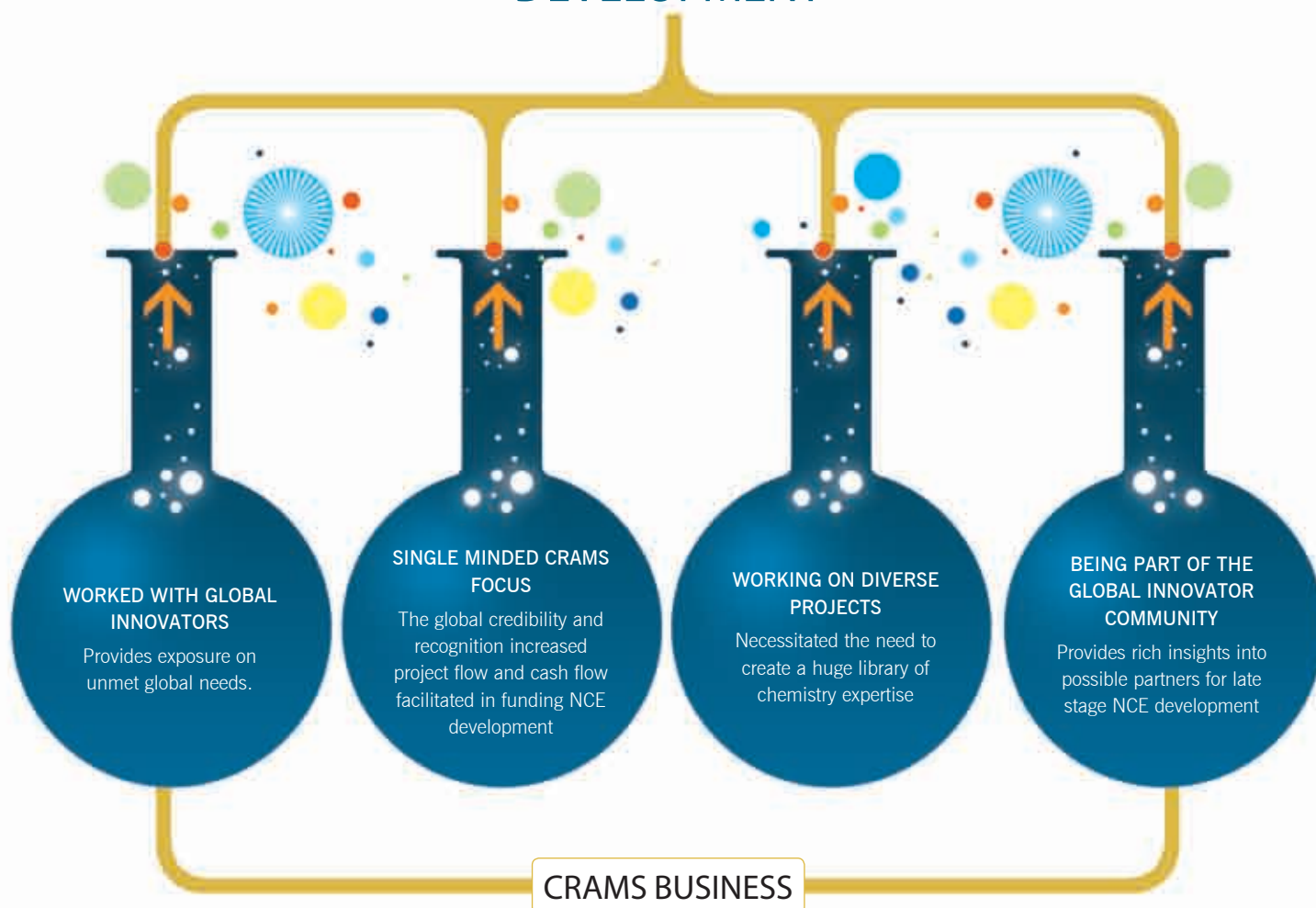
**Process:** Our diverse chemistry skills – resulted of more than 755 CRAMS projects - positioned us as a preferred player to provide research support to global pharma majors.

**Progress:** Suven leveraged its surplus generated from CRAMS projects to fund NCE programs;

**Partner:** Suven possesses insights into companies potentially willing to partner the Company in late-stage NCE development.

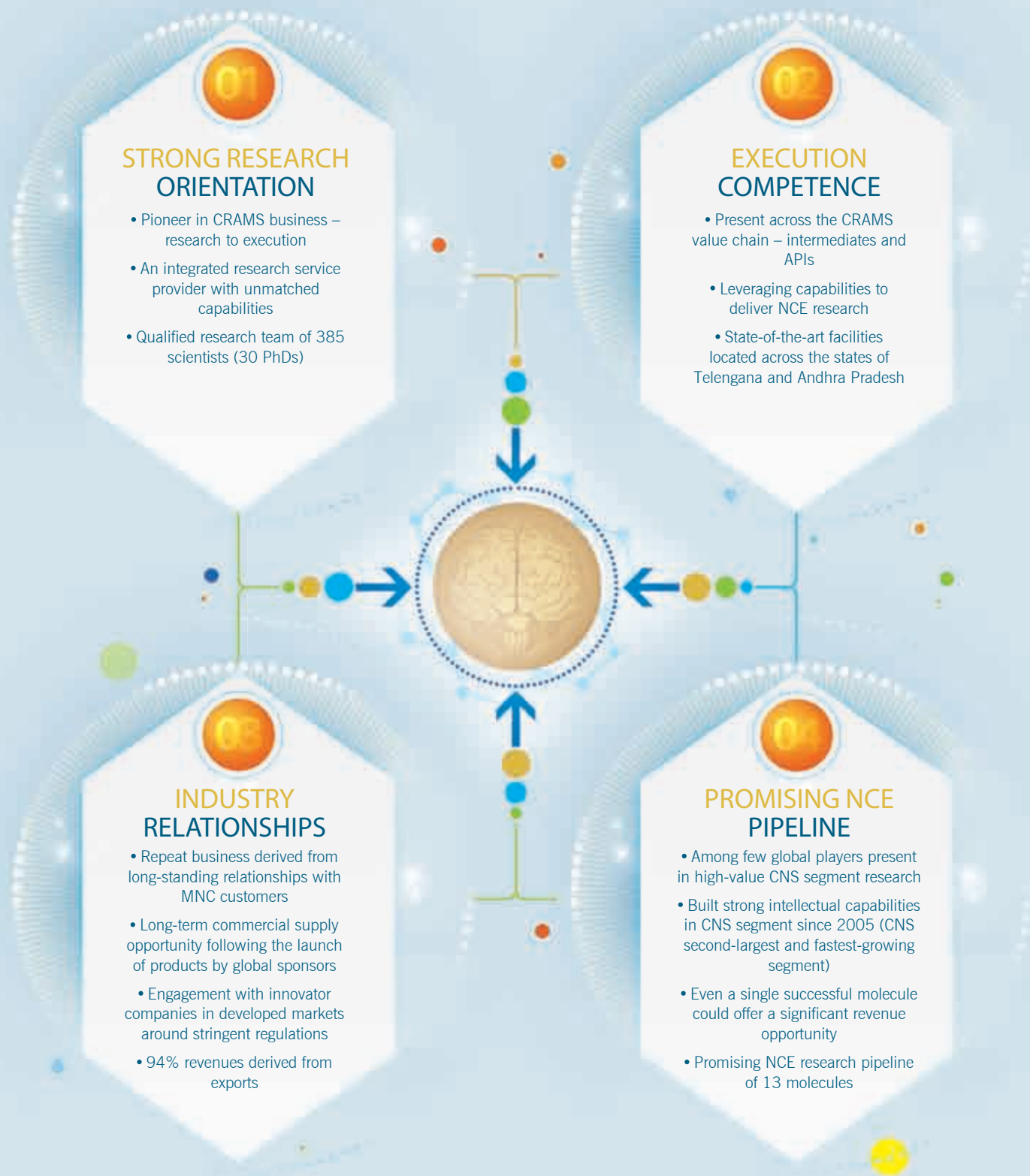
**De-risking:** Suven does not assume debt on its books for research and development, selecting to fund only through accruals (debt-equity ratio only 0.10 as on March 31, 2016). The research expenditure was expensed from the annual Profit and Loss account, showcasing a credible Balance Sheet.

## NCE DEVELOPMENT





# OUR COMPETITIVE ADVANTAGE





OPERATIONAL  
OVERVIEW

Q&A

## "EVEN AS OUR 2015-16 PERFORMANCE DECLINED, WE ARE SATISFIED WITH OUR PERFORMANCE"

### How would you describe the Company's performance in 2015-16?

In comparison to 2014-15, our topline and bottomline numbers were 2% and 13% lower, and yet I would say that we were fairly satisfied with our performance.

### How would you explain this?

At the start of 2015-16, we had anticipated a decline in our financial performance considering the global pharmaceutical environment and reduced R&D spending by our customers and successful project completion may not necessarily translate into repeat orders if the project does not carry through at the innovator's end.. Despite this reality, we surpassed our target: against a topline estimate of ₹475 crore for the year under review, we reported ₹519 crore of revenue; against a net profit target of ₹85 crore, we delivered ₹95 crore.

### What were the reasons for the decline in numbers?

Only one: our CRAMS business, the flagship business, declined by about 18% over the previous year. This decline was due to a change in our product mix (high-value, high-margin to low

margin) which impacted our profitability. Our EBITDA (post-R&D expenses) declined 400 bps from 32% in 2014-15 to 27% in 2015-16.

### Your Q4/2015-16 performance represented a significant improvement over the previous nine-month performance.

During the fourth quarter the CRAMS business increased as some Phase I projects graduated to Phase 2, generating increased volumes with superior profitability. Also the speciality chemical supplies increased substantially thus paving the growth and profitability.

### Is this trend likely to sustain?

The CRAMS business is expected to sustain growth from existing projects. The addition of two clients in 2015-16 should add to our project pipeline. For the speciality chemicals business, we expect to sustain the volumes through the current year.

Our recently-commissioned Vishakhapatnam facility provides us with the legroom to seamlessly manage increased operations. We are transferring our speciality chemical intermediate manufacturing operation fully to this unit which

27%

EBIDTA reported by the Company in 2015-16



in turn will release significant capacity to strengthen our CRAMS project execution in future.

**What NCE pipeline milestones were achieved in 2015-16?**

Our key molecules advanced along the development cycle. SUVN-502 entered the Phase 2A trial; We need a patient pool of 537 across 90 US sites for conducting these trials. Besides, our molecules SUVN-G3031 and SUVN-D4041 reported heartening progress along the development cycle, clearing the safety hurdle by completing Phase 1 studies in USA under US-IND.

**Can you provide some colour on the expectations for 2016-17?**

We are optimistic that fiscal 2016-17 could emerge as a next level growth phase in CRAMS vertical while the NCE vertical promises to unlock significant value.

**CRAMS business:** We hope to receive commercial orders for three NCEs launched by our global customers in addition to an increase in CRAMS projects and speciality chemical intermediate supplies.

**NCE vertical:** Our key molecule SUVN-502 is in Proof of Concept (POC), Phase 2A clinical trials; SUVN-G3031 and SUVN-D4010 waiting to enter next stage of clinical development.

**SUVN-502**

entered the Phase 2A trial; We need a patient pool of 537 across 90 US sites for conducting these trials.

**SUVEN'S PERFORMANCE THROUGH THREE-YEAR BLOCKS**

Suven is not a typical manufacturing business.

The Company is in a high-risk, high-return business, where the performance of a year cannot represent the base for estimating the next.

The Company's prospects are dependent on R&D and budgets of global pharmacos, growth and profitability often being lumpy.

This reality makes it imperative for the Company to be appraised across three-year blocks.

	FY2007-2010	FY2011-2013	FY2014-2016
Revenue (₹ crore)	399	618	1563
Growth over the earlier block		55%	153%
EBIDTA (₹ crore)	53	94	533
Growth over the earlier block		79%	466%
Net Profit (₹ crore)	22	56	348
Growth over the earlier block		147%	526%



# MANAGEMENT DISCUSSION AND ANALYSIS

## Global economic overview

**IN 2015, GLOBAL ECONOMIC ACTIVITY REMAINED SUBDUED LEADING TO A 3.1% GROWTH, marginally lower than it was in 2014.** Preliminary data suggests that global growth during the second half of 2015 at 2.8% was weaker than forecasts on account of softer activity in the United States, Japan and advanced Asian economies. The World Economic Outlook forecasts global growth at 3.2% in 2016 and 3.5% in 2017. Growth in advanced economies is projected to remain at a modest 2%, the recovery hampered by weak demand, partly held down by unresolved crises, unfavourable demographics and low productivity. While emerging markets and developing economies will account for the largest share of global growth in 2016, prospects across countries remain uneven and generally weaker than during the past two decades.

## Indian economic overview

Against a subdued global economic environment, the Indian economy grew at 7.6% in 2015-16 (7.2% in 2014-15) emerging as one of the fastest-growing nations in the globe. The economic growth was bolstered by an improvement in fortunes of the manufacturing sector (9.5% growth in 2015-16 against a 5.5% growth in 2014-15) and gains accrued from declining crude oil prices. The Indian economy expanded by 7.9% year-on-year in the first three months of 2016, higher than 7.2% growth in the previous quarter. It was the best performance in the past six quarters, as the farm sector rebounded and grew by 2.3% and the manufacturing sector output jumped 9.3%. Given the macroeconomic scenario and assuming normal 2016-17 monsoons, the Indian economy is set to register growth in excess of 7% for the third successive year. Against an unsupportive global economic landscape and weak back-to-back monsoons, a 7.6% GDP growth in 2015-16 (as estimated by the Central Statistics Organisation) was deemed encouraging.

## Global pharmaceutical space

The unprecedented expansion in global healthcare access over the past ten years – ranging from hundreds of millions of people in low and middle-income countries gaining access via government programmes rising incomes and to the reduction in the uninsured population is expected to result in a significant increase in the volume of medicines consumed globally.

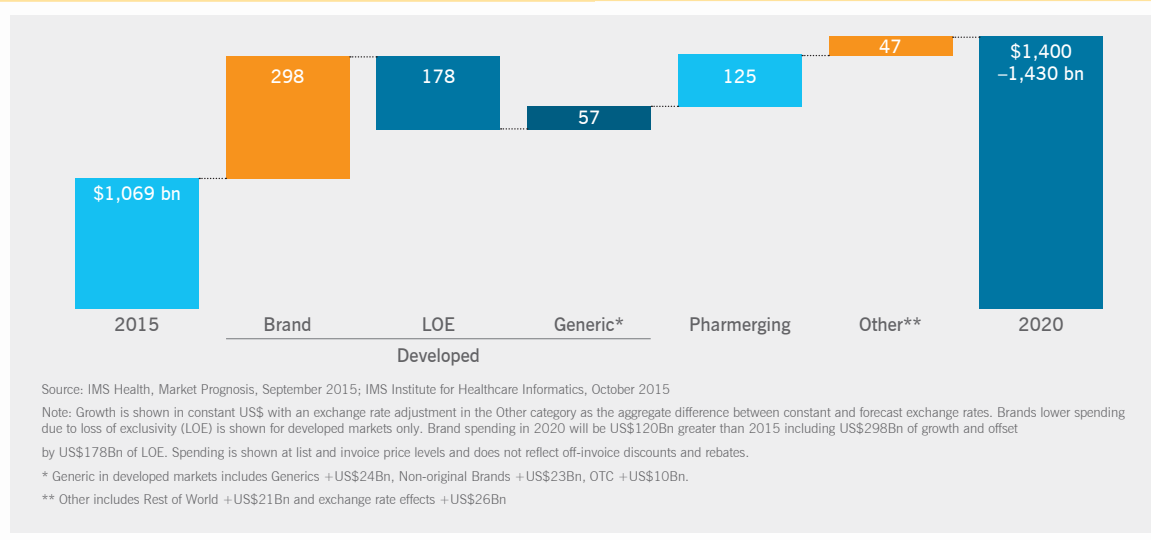
The volume of medicines consumed globally is expected to reach 4.5 trillion doses by 2020 (up by 24% from 2015). The largest pharmaceutical-using countries will be the pharmerging markets, accounting for two-thirds of global medicine volumes. This will mostly comprise generic medicines catalysed by dramatic increases in the utilisation of medicines due to broad-based healthcare expansions.

Global spending on medicines will reach US\$1.4 trillion by 2020, an increase of 29-32% from 2015 compared to an increase of 35% in the past years. Spending on specialty therapies will continue to be more significant in developed markets than in pharmerging

8x

Cost per Novel Molecular Entity saw an 8x increase from US\$140 million in the mid-1970s to US\$ 1,200 million in the early-2000s

## DRIVERS OF SPENDING GROWTH, 2015-2020 (US\$ BILLION)



markets. Spending growth will be driven by brands and increased usage in pharmerging markets, but will be offset by patent expiries and net price reductions.

**CRAMS:** Contract research and manufacturing services (CRAMS) is one of the fastest growing sectors in the pharmaceutical and biotechnology industry spaces. CRAMS span the entire range of services – a manufacturing contract of generic drugs which will allow partnering innovators to introduce new molecules for new-age ailments.

NCE-based CRAMS services span the range of R&D activities from New Chemical Entity (NCE) discovery, development and manufacturing. Huge investments coupled with low R&D productivity are driving companies to cut manufacturing costs by outsourcing their

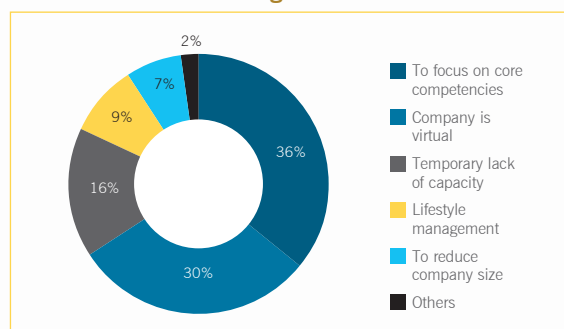
research and manufacturing activities to cost-efficient nations.

Outsourcing to India offers significant benefits over the other matured pharmaceutical hubs in North America and Europe. India emerged as one of the leading cost-efficient, quality manufacturers of pharmaceuticals for a number of global players and multinational companies. Moreover, the ongoing economic crisis along with the increase in prices of generics are forcing global pharmaceutical companies to leverage the strengths of Indian pharmaceutical players in research and manufacturing areas.

## Suven in the CRAMS value chain



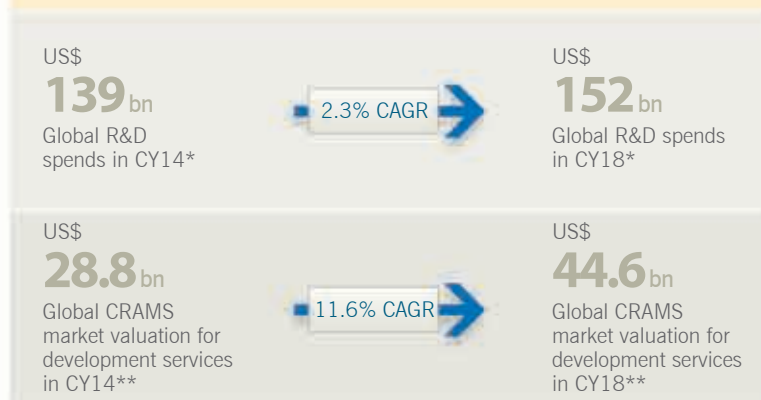
## Reasons for outsourcing R&D activities



## THE CRAMS SEGMENT IS MARKED BY HIGH ENTRY BARRIERS...



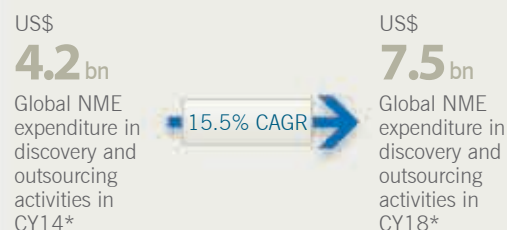
## ...AND SIGNIFICANT GROWTH OPPORTUNITIES!



\* Source: IQ4I report, \*\* Source: Frost & Sullivan report



## THE ASIA-PACIFIC REGION IS EXPECTED TO BE THE MOST PROMISING IN TERMS OF NME OUTSOURCING SERVICES.



\* IQ4I report



# CONTRACT RESEARCH AND MANUFACTURING OPERATIONS (CRAMS)

Suven is a pure-play CRAMS player with a visible presence at the top-end of the CRAMS value chain, assisting global innovators in drug development by supplying intermediates with relevant NCEs during the clinical phase of drug development. The projects undertaken by the Company include process research, custom synthesis and intermediate manufacture. This flagship business segment accounts for more than 90% of the Company's revenues. Within the CRAMS vertical, the Company has three revenue streams.

**Base CRAMS:** Suven works with global innovator companies, supplying intermediates for their NCEs during the clinical phase of drug development. When successful, this can translate into long-term supply agreements following launch. Over the years, Suven has reported a consistent rise in the number of active products under CRAMS. Currently, this accounts for the lion's share of the CRAMS vertical's revenues.

**CRAMS for commercial products:** This vertical is a high-value, high-margin vertical which

also provides long-term revenue visibility. It involves supplies of intermediates for NCEs that have cleared clinical trials and are ready for launch. Suven supplied pre-launch material for three products which received FDA approvals in FY14 and FY15. The commercial supply of one of the intermediates for these products is expected to begin in FY17.

**Supply of intermediates for specialty chemicals:** Suven is supplying intermediates for one specialty chemical product to a large global pharmaceutical and agrochemical conglomerate.

## Segment performance, 2015-16

Revenues declined by 2% from ₹521 crore in 2014-15 to ₹500 crore in 2015-16. This decline was due to a fall in revenues from base CRAMS projects as a few Phase-II projects were dropped by clients. This decline was cushioned by a considerable increase in revenues from specialty chemicals. The Company added two new clients to its CRAMS business. The

Company commenced operations at its Vishakhapatnam unit and shifted the manufacturing intermediates for a specialty chemical product to this unit. The shift not only optimised capacities at its CRAMS facilities but also made the CRAMS operations more efficient.

## Business differentiators

**Service:** The Company is engaged in manufacture of niche NCE-based CRAMS – developing and manufacturing intermediates for NCEs for innovators companies.

**Experience:** The Company enjoys a two decade-long experience in the CRAMS business.

**Expertise:** The Company's cutting-edge technology and adherence to globally-best practices have enabled it undertake 750+ projects belonging to global pharmaceutical companies.

**Intellectual capital:** The Company's CRAMS team comprises 265 members of which 30 members hold master's

## Growth in our business

2011-12

84

Active projects

206

Revenue  
(₹ crore)

25.21

EBIDTA  
(₹ crore)

degrees and PhDs enabling it to service the top-end of the CRAMS value pyramid.

**Relationships:** The Company enjoys healthy business relationships with its customers thereby ensuring that all its business is repeat and referral-based in nature.

#### Optimism

CARE ratings estimate that the Indian CRAMS industry's share will increase to approximately 8-9% of global CRAMS market by 2018 from approximately 6% in 2013.

#### Looking forward

Going ahead, the CRAMS business is expected to make a sizeable contribution to business growth as commercial production of three products are expected to begin during the current year. The Company is hopeful of generating repeat business from existing customers, as the global markets have started to look positive.



	2011-12	2012-13	2013-14	2014-15	2015-16
Active Phase-I projects	51	46	52	57	64
Active Phase-II projects	32	41	46	52	48
Active Phase-III projects	1	3	1	1	1
Total active projects	84	90	99	110	116

2015-16

113

Active projects

500

Revenue  
(₹ crore)

142.60

EBIDTA  
(₹ crore)

## NEW CHEMICAL ENTITIES (NCES)

SUVEN IS ONE OF FEW INDIAN BIOPHARMACEUTICAL COMPANIES INVOLVED IN DRUG DISCOVERY AND NCE DEVELOPMENT.

The Company's promising NCE pipeline comprises 13 molecules from 28 inventions, mainly in the central nervous system category. Within this space, Suven's discovery assets address niche areas of cognitive impairment associated with neurodegenerative disorders like Alzheimer's, Attention Deficient Hyperactivity Disorder (ADHD),

Huntington's chorea, Parkinson's and schizophrenia.

Suven has gained the reputation of being one of the most prominent companies in this space India and Asia. The Company has thus far received 984 product patents for 28 inventions and 38 process patents for 8 inventions. As such, the Company has resolved to:

The Company follows a conservative policy, thereby making the business increasingly safe and sustainable

**Undertake** development for only promising molecules

**Expense** the R&D investment in the Statement of Profit and Loss in the year in which they are incurred – this means that the Company's profits are real

**Fund** NCE development initiatives using cash accrued from other business verticals

### Segment performance, 2015-16

**SUVN-502:** Having received the approval for Phase-II trials from the FDA, the Company initiated Phase-II A clinical trials (for patients with moderate Alzheimer's). These trials have to be undertaken at more than 70 sites in the US. As on the date of this Report, the enrolment reached 10% of the total requirement of 537 patients. The trial is likely to be completed by the third quarter of calendar year

2017 and the results of the trial will be announced after three months of completion of trials.

**SUVN-G3031:** The Company completed Phase-I clinical trials in the US and is undergoing long-term toxicology studies prior to entering Phase-II trials.

**SUVN-D4010:** The Company initiated Phase-I clinical trials in the US under US-IND, which should be completed in the current year.

**SUVN-911:** This molecule has completed IND trials and long-term toxicology studies and is ready to enter Phase-I trials.

### Why CNS?

The global market for CNS is estimated to reach USD 129 billion by 2020 driven by a rapidly ageing population, rising incidence of CNS disorders and an encouraging pipeline of late-stage drugs. The US represents the largest market worldwide. Asia-Pacific ranks as the fastest-growing market (CAGR of ~3.7% till 2020).

### Why Alzheimer's?

**Alzheimer's** is the sixth leading cause of death in the US

**It** is the only ailment that features in the top-10 causes of mortality in the US that cannot be prevented, cured or slowed

**An** estimated 5.3 million Americans of all ages were suffering from Alzheimer's in 2015; an estimated 5.1 million of them were 65 or older

**In** 2015, Alzheimer's and other dementias estimatedly cost the US US\$226 billion. By 2050, these costs could rise as high as US\$1.1 trillion

	Pre-clinical and GLP tox	Clinical Phase-I	Clinical Phase-II	Clinical Phase-III	Indications
SUVN-502					Cognitive defects associated with Alzheimer's Disease
SUVN-G3031					
SUVN-D4010					
SUVN-911					Depression (MDD)



# ANALYSIS OF FINANCIAL STATEMENTS

(Based on standalone financial statements)

"We did better than our guidance. We look forward to rebounding strongly in 2016-17."

**Mr. Venkat Jasti,**  
Chairman & CEO



## Statement of Profit and Loss

### Total income

**518.87**

2015-16 (₹ crore)

Revenue from operations declined by 2% from ₹520.85 crore in 2014-15 to ₹499.52 crore. This decline was primarily due to a drop in the base CRAMS

**529.44**

2014-15 (₹ crore)

business. The drop was partly arrested by a considerable increase in sales volumes in the intermediates for the specialty chemicals segment. Other

**(2)**

Decline over the previous year (%)

incomes more than doubled from ₹8.58 crore in 2014-15 to ₹19.35 crore in 2015-16 – the return on investments being the key reason for this upsurge.

### Total expenses

**398.41**

2015-16 (₹ crore)

Materials and manufacturing costs increased by less than 1% over the previous year. This was primarily due to an increase in supplies of specialty chemical intermediates. Employee costs increased by 14% over the previous year.

The Company's R&D expenses also increased by 12% – from

**377.88**

2014-15 (₹ crore)

₹55.96 crore in 2014-15 to ₹62.95 crore in 2015-16. The increase was primarily due to pre-clinical and clinical development of various NCE molecules reaching early stages.

Finance costs increased marginally by 15% over the previous year as interest on long-term loans taken for the

**5.43**

Increase over the previous year (%)

Vishakhapatnam facility were not expensed to the Statement of Profit and Loss (earlier added to the gross block). Subsequently, interest cover declined marginally from 81.24x in 2014-15 to 74.54x in 2015-16.

**12.13**

R&D expenses as a percentage of the total income, FY2015-16

## Margins

### EBIDTA margin

**27.48**

2014-15 (%)

The drop in the CRAMS business impacted business profitability. EBIDTA declined from ₹168.04 crore in 2014-15 to ₹142.60 crore in 2015-16. Profit declined

**31.74**

2014-15 (%)

from ₹151.55 crore in 2014-15 to ₹120.47 crore in 2015-16 while margins declined from 29% in 2014-15 to 23% in 2015-16. Consolidating the accounts of

**(426)**

Decline over the previous year (bps)

Suven, Inc., USA, the wholly-owned subsidiary, the profit after tax reduced to ₹66.70 crore and expenditure on R&D increased to ₹91.10 crore.



## Balance Sheet

The capital employed in the business increased from ₹645.75 crore as on March 31, 2015 to ₹675.51 crore as on March 31, 2016.

### Net worth

623.64

As of March 31, 2016  
(₹ crore)

The Company's equity capital comprises 12,72,82,478 equity shares with a face value of ₹1 per share. The equity capital remained unchanged over the

559.31

As of March 31, 2015  
(₹ crore)

previous year. The balance under reserves and surplus increased by 11.26% from ₹546.59 crore as on March 31, 2015 to ₹610.92 crore as on March 31, 2016.

11.50

Increase over the  
previous year (%)

This increase was primarily on account of operational surplus ploughed back into the business. The entire reserve balance was free in nature. The book value per

share increased from ₹43.94 as on March 31, 2015 to ₹49.00 as on March 31, 2016.

### Liabilities

184.27

As of March 31, 2016  
(₹ crore)

Long-term borrowings declined from ₹61.45 crore as on March 31, 2015 to ₹43.23 crore as on March 31, 2016 – due to repayments made during the year (₹18.23 crore) and transfer to other current liabilities (₹16.75

213.82

As of March 31, 2015  
(₹ crore)

crore – to be paid over the next 12 months). Short-term borrowings also declined from ₹28.23 crore as on March 31, 2015 to ₹24.16 crore as on March 31, 2016. Trade payables declined from ₹43.89 crore on

13.82

Decrease over the  
previous year (%)

March 31, 2015 to ₹35.33 crore on March 31, 2016. Other current liabilities decreased by 1.09% over the previous year – due to a significant decrease in maturities payable during the year.

0.10<sup>x</sup>

The Company's debt-equity ratio improved as on March 31, 2016 compared to 0.14x as on March 31, 2015

### Assets

443.72

As of March 31, 2016  
(₹ crore)

The fixed tangible assets balance increased from ₹290.31 crore as on March 31, 2015 to ₹443.39 crore as on March 31, 2016 – consequent to the commissioning of the Vishakhapatnam facility and routine capital expenditure (₹153.20 crore in 2015-16). Consequently, the balance under

209.52

As of March 31, 2015  
(₹ crore)

capital work-in-progress declined from ₹107.01 crore as on March 31, 2015 to ₹7.20 crore as on March 31, 2016.

Current assets declined marginally from ₹476.98 crore as on March 31, 2015 to ₹466.68 crore as on March 31, 2016.

52.73

Decrease over the  
previous year (%)

Increases in inventories, trade receivables and short-term loans were offset by a decline in the cash and bank balances. The working capital cycle stood at 244 days in 2015-16 against 236 days in 2014-15.

240.64

Cash and bank balance (₹ crore) as on March 31, 2016.

## Cash flow statement

**Cash earnings:** Decline in the business operations and an increase in working capital requirements reduced the cash generated from operating activities from ₹142.90 crore

in 2014-15 to ₹92.20 crore in 2015-16.

**Cash deployment:** Purchase of fixed assets, repayment of borrowings (and interest thereon) and dividend payout, among

others, resulted in new cash outflow of ₹131.77 crore in 2015-16.

Subsequently, the cash and cash equivalent balance at the end of the year declined from ₹279.36

crore as on March 31, 2015 to ₹239.79 crore as on March 31, 2016.



# MANAGING BUSINESS RISKS

A business's risk management strategy needs to evolve in line with altering macroeconomic dynamics. Your Company has always had a systematic approach to risk management. Centrally-issued policies and divisionally-evolved procedures ensure that business risks are effectively addressed. Some of the key risks which impact your business and their mitigation measures are outlined below.

## 01 Growth risk

A large dependence on CRAMS could impede the Company's ability to grow business over the medium-term.

**Risk mitigation:** Within the CRAMS segment, the Company has three revenue verticals – base CRAMS, intermediates for specialty chemicals and commercial supplies for NCEs. Despite being uncertain, the

CRAMS business continues to register healthy volumes thanks to the respect earned by Suven among global innovator companies. The Company's specialty chemicals vertical has grown over the years – from

negligible size in 2011-12 to ₹224 crore in 2015-16. Moreover, commercial supplies to three NCEs are expected to commence in 2016-17 which is expected to propel business growth over the medium-term.



## 02 Base CRAMS risk

Lack of clinical success at the innovator-level could lead to business opportunities being lost.

**Risk mitigation:** Suven is a pure-play CRAMS player with more than two decades of rich experience across more than 750 projects for global innovator companies; the Company has a 99% success rate in project

execution and delivery. This has earned it the reputation of a preferred business partner for global pharmaceutical players focused on NCE development. This is reflected in the increasing number of active projects – 80 in

2010-11 to 110 in 2015-16. As the global economy revives, R&D efforts on NCE development are expected to intensify. This should open up interesting opportunities for the Company, going forward.



## 03 NCE risk

Development of new molecules is a high-risk business as it requires sustained investment of time, people and funds which ultimately might not materialise into anything substantial.

**Risk mitigation:** Suven has a rich pipeline of 13 molecules which are under various stages of development. Nine molecules have cleared the pre-clinical stages of the development cycle. But, the Company adopted a cautious strategy of cherry-picking

the most potent molecules for further development ensuring that it can seamlessly fund its NCE programme using cash accruals from other verticals. Consequently, only four molecules have reached clinical development stage.

Its SUVN-502 is the most promising molecule at Phase-II a clinical trials (human trials) stage. Thereafter, the Company will look for opportunities for further development or monetisation of these molecules.



## 04 Funding risk

Inability to garner adequate funds for business growth could adversely impact shareholder value creation.

**Risk mitigation:** Suven enjoys a strong financial position. The Company's low debt-equity ratio at 0.10x (March 31, 2016) enables it to leverage its financial statements for funding

its capital investments. Besides, a ₹241 crore cash balance as on March 31, 2016 showcase the Company's liquidity which can be used to address the increasing cash requirement of

its NCE business. Moreover, with the commissioning of its Vishakhapatnam facility, the Company does not have any significant capex project for the current year.





# Board's Report

To,  
The Members of Suven Life Sciences Limited

Your Company's Board of Directors has pleasure in presenting this 27th Annual Report together with Audited Financial Statements of the Company for the financial year ended 31st March, 2016.

## Financial performance

(₹ in lakhs)

Particulars		Standalone		Consolidated
		2015-16	2014-15	2015-16
(i)	Revenue from operations	49,952.24	52,085.50	49,952.24
(ii)	Operating expenditure	37,626.79	36,139.66	40,449.50
(iii)	Depreciation and amortisation	1,672.04	1,177.57	1,672.04
(iv)	Operating profit	10,653.41	14,768.27	7,830.70
(v)	Interest expenses	541.70	470.92	542.11
(vi)	Other income	1,935.02	858.12	1,935.02
(vii)	Profit before Tax	12,046.73	15,155.46	9,223.61
(viii)	Tax expenses	2,549.75	4,280.44	2,549.75
(ix)	Profit for the year	9,496.98	10,875.03	6,673.85
(x)	Balance brought forward from previous year	24,004.42	15,617.65	24,004.42
(xi)	Less: Adjustment of depreciation reserve as per Schedule II of Companies Act 2013	-	469.06	-
(xii)	Profit available for appropriation	33,501.40	26,023.61	30,678.28
	Appropriations:			
(xiii)	Interim dividend (last year proposed)	2,545.65	763.69	2,545.65
(xiv)	Tax on dividend	518.32	155.47	518.32
(xv)	Difference in final dividend plus tax (2013-14)	0.00	0.02	0.00
(xvi)	Transfer to General Reserve	1,100.00	1,100.00	1,100.00
(xvii)	Balance carried to balance sheet	29,337.43	24,004.42	26,514.31

## Review of operations

Your Company has achieved a standalone sales volume of ₹49,952 lakhs as against ₹52,086 lakhs in the previous year. Profit after Tax (PAT) of the Company was down by 13% to ₹9,497 lakhs from ₹10,875 lakhs in the previous financial year. The Earnings per Share (EPS) of your Company has come down to ₹7.46 in fiscal 2015-16 per share from the previous year EPS of ₹9.04 in fiscal 2014-15 per share.

During the year your Company has formed a wholly owned subsidiary by name Suven, Inc a Delaware Company in USA. As result of the consolidation for the year 2015-2016 the profit after tax reduced from INR 9496.97 lakhs to 6673.85 lakhs due to clinical development expenditure incurred by Suven, Inc., on SUVN-502.

## Exports

Your Company continue to achieve a major chunk of revenues from the exports accounting for a volume of ₹46879 lakhs, representing 94% of the total revenue of ₹49952 lakhs during the year under review.

## Dividend

Your Directors had recommended and paid an interim dividend of ₹1.00 per equity share and a onetime special dividend of ₹1.00 per equity share totaling to ₹2.00 per equity share (last year ₹0.60 paise per equity share) during March, 2016. Your Directors recommend that interim dividend paid may be treated as the final dividend for the year 2015-2016.

The total cash outflow on account of dividends paid including dividend distribution tax paid is ₹3064 lakhs. The Company has paid the said dividend to the shareholders who are on the Register of Members of the Company as on the Record Date 15th March 2016 notified to the stock exchanges in terms of SEBI (LODR) Regulations, 2015.

## Transfer to reserves

The Company transferred 1100 lakhs to the general reserve during the current financial year.

## Research and development

During the year Suven's thrust on innovative R&D in CNS therapies continued with an R&D spend of ₹7096 lakhs accounting to 14% on sales with an increase of 20% over the previous year.

Your Company's main focus stayed on discovering, developing and commercialising novel pharmaceutical products, which are first in class or best in class CNS therapies through the use of GPCR targets. Suven has 3 clinical stage compounds, a Phase 2 undergoing candidate SUVN-502, Phase 1 completed candidate SUVN-G3031 and Phase 1 undergoing candidate SUVN-D4010 for Alzheimer's disease and Schizophrenia. In addition to that the Company has ten (10) internally-discovered therapeutic drug candidates currently in pre-clinical stage of development targeting conditions such as ADHD, dementia, depression, Huntington's disease, Parkinson's disease and pain.

## Share capital

The paid up Equity Share Capital as on March 31, 2016 was ₹1,272.83 lakhs. During the year under review, the Company has not issued any shares. Your company has not issued any shares with differential voting rights nor granted stock options or sweat equity shares.

## Extract of annual return

Pursuant to sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Companies Act 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014 the extracts of the Annual Return as at March 31, 2016 forms part of this report as "Annexure – A".

## Number of meetings of the board and audit committee

During the year under review five Board Meetings were convened and held on 26th May 2015, 14th August 2015, 10th November 2015, 12th February 2016 and 05th March 2016 and four Audit Committee Meetings were convened and held on 26th May 2015, 14th August 2015, 10th November 2015, 12th February 2016.

The Audit Committee composed of all independent directors. Shri D G Prasad is the Chairman of the Audit Committee and Dr M R Naidu, Dr K. V. Raghavan and Shri M Gopalakrishna are members of the Audit Committee. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

## Directors responsibility statement

### Your Directors state that:

- i) The applicable accounting standards have been followed in the preparation of the Annual Accounts.
- ii) Such Accounting policies have been selected and applied consistently and judgments and estimates made when required 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 of the Company for that period.
- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The Directors have prepared the Annual Accounts on a going concern basis.
- v) Proper internal financial controls were in place to be followed by the Company and that the financial controls were adequate and were operating effectively.
- vi) Proper systems devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## Remuneration policy

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report.

## Particulars of loans, guarantees or investments

The Company has invested a sum of ₹2298 lakhs in Suven, Inc., a wholly owned subsidiary as at 31st March 2016 for its business purpose. Apart from the investment the Company did not give any Loans, or provided Guarantees or any security during the year under the provisions of Section 186 of the Companies Act, 2013.

## Subsidiary

During the year 2015-2016 your Company has formed wholly owned subsidiary company by name Suven, Inc., in USA. The consolidated financial statements of the Company prepared in accordance with

Accounting Standards 21 and 27 as specified in the Companies (Accounts) Rules, 2014, form part of the annual report.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013, a statement containing salient features of financial statements of subsidiary in Form AOC 1 forms part of Board's Report as "Annexure B". The separate audited financial statements in respect of the subsidiary company shall be kept open for inspection at the Registered Office of the Company during working hours for a period of 21 days before the date of the Annual General Meeting. Your Company will also make available these documents upon request by any Member of the Company interested in obtaining the same. The separate audited financial statements in respect of the subsidiary company is also available on the website of your Company at <http://www.suven.com/AnnualReports.htm>

## Related party transactions

The Particulars of contracts or arrangements with related parties referred to in sub-section (1) of section 188 in the prescribed Form AOC-2 pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014, forms part of this report as "Annexure – C".

The Board has approved a policy for related party transactions which has been uploaded on the Company's website.

## Material changes and commitment affecting financial position of the Company

There are no material changes and commitments, affecting the financial position of the Company which has occurred between the end of the financial year of the Company i.e. March 31, 2016 and the date of the Directors' report i.e. 27th May, 2016.

## Conservation of energy, technology absorption, foreign exchange earnings and outgo

The information on conservation of energy, technology absorption, foreign exchange earnings and outgo stipulated under Section 134(3) (m) of the Companies Act, 2013 read with Rule, 8 of the Companies (Accounts) Rules, 2014, forms part of this report as "Annexure – D".

## Risk management policy

The Board formulated a suitable risk policy to take care of unique business models of your Company: Contract Technical Services (CTS) and CRAMS. Suven is an IP creating and protecting company, strictly adheres to and harmonise with the global patent regime. To ensure the security and confidentiality of client data access to client data, is restricted to the senior most team leader working on the respective project and observes strict standards of confidentiality by entering into an internal CDA. We believe that strict compliances to the non disclosure requirements insulate our company against risks relating to

IPR infringement claims of our clients. In addition to these practices, your company regularly conducts safety and preventive audits in all plants and ensures that necessary safeguards are in place to protect the assets against all perils with appropriate insurance policies.

### Corporate social responsibility

In compliance with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014, the Company has established Corporate Social Responsibility (CSR) Committee composed of Shri M. Gopalakrishna as Chairperson, Shri Venkateswarlu Jasti and Smt Sudha Rani Jasti as members. The committee is responsible for formulating and monitoring the CSR policy of the Company. Annual Report on CSR Activities forms part of this Report as "Annexure – E".

### Performance evaluation of the board

Pursuant to the provisions of the Companies Act, 2013 and as per the SEBI (LODR) Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

### Appointments / resignations of directors or key managerial personnel

The Company did not appoint any directors or Key Managerial Personnel during the year. All Independent Directors have given declarations confirming that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. None of the Directors or Key Managerial Personnel has resigned during the year under review.

### Directors retiring by rotation

In accordance with the provisions of the Companies Act, 2013, Smt Sudharani Jasti, Director retires by rotation at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment.

The brief profile(s) of the director(s) seeking appointment/ re-appointment at the ensuing Annual General Meeting are presented in the Annual Report.

### Public deposits

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

### Internal financial control systems and their adequacy

Your Company has laid down set of standards which enables to implement internal financial control across the organisation and ensure that the same are adequate and operating effectively (1) to provide

reasonable assurances that: transactions are executed in conformity with generally accepted accounting principles/ standards or any other criteria applicable to such statements, (2) to maintain accountability for assets; access to assets is permitted only in accordance with management's general or specific authorisation and the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company; and (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the assets that could have a material effect on the financial statements.

### Vigil mechanism

The Company has put in place Whistle Blower Policy a vigil mechanism to deal with instance of fraud and mismanagement, if any. The details of the Whistle Blower Policy is explained in the Corporate Governance Report and also posted on the website of the Company

### Particulars of employees and remuneration

The information required under Section 197(12) of the Act read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms part of this report as "Annexure – F".

### Investor service

Your Company's share registry operations (physical as well as electronic form of holdings) will continue with Karvy Computershare Private Limited, Registrars and Transfer Agents. They can be contacted at Karvy Selenium, Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, Phone No. 040-6716 1565 Fax No. 040 -2300 1153 for any query relating to Shares.

The shares of the Company are listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE)

### Corporate governance

A detailed Report on Corporate Governance prepared in substantial compliance with the provisions of SEBI (LODR) Regulations, 2015 with the Stock Exchanges together with the Auditors' Certificate regarding the compliance of conditions of corporate governance, forms part of Annual Report.

### Management's discussion and analysis

Management's Discussion and Analysis Report for the year under review, as stipulated under Regulation 34 of the SEBI (LODR) Regulations, 2015, is presented in a separate section forming part of the Annual Report.

### Auditors

#### Statutory Auditors

Pursuant to the provisions of section 139 of the Companies Act, 2013 and the Rules framed thereunder the Company in its Annual General Meeting held on 12th August 2014 has appointed M/s. Karvy & Co.,

Chartered Accountants, as statutory auditors of the Company, from the conclusion of the 25th Annual General Meeting till the conclusion of the 28th Annual General Meeting to be held in the year 2017, subject to ratification of their appointment at every Annual General Meeting. The Auditors' Report does not contain any qualifications.

### Cost Auditors

In terms of Cost (Records and Audit) Amendment Rules, 2014 dated 31st December 2014 issued by the Central Government, the requirement for Cost Audit is not applicable to the Company based on the export turnover criteria. However the Cost Auditors M/s DZR & Co., Cost Accountants are continuing in their office to carry out cost audit of company's cost records on voluntary basis.

### Secretarial auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. dvmgopal & associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit Report forms part of this report as "Annexure – G". The Secretarial Audit Report does not contain any qualifications.

### Business responsibility report

A detailed Business Responsibility Report (BRR) is prepared. As a green initiative the BRR is placed on website of your company and can be accessed at web link at <http://www.suven.com/AnnualReports.htm>

### Employees stock option schemes

The applicable disclosures as stipulated under SEBI guidelines with regard to 'Suven Employees Stock Option Scheme, 2004', as on 31 March 2016 annexed to this report.

### General

During the FY2016, there is no change in the nature of business of the Company or any of its subsidiaries and your Company formed a wholly owned subsidiary (WOS) by name Suven, Inc., in USA. Except this WOS there are no companies which have become or ceased to be its subsidiaries, joint ventures or associate companies during the year.

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

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

### Acknowledgements

Your Directors wish to place on record their gratitude to Shareholders for the confidence reposed by them and thank all the shareholders, customers, dealers, suppliers and other business associates for their contribution to your Company's growth. The Directors also wish to place on record their appreciation of the valuable services rendered by the executives, staff and workers of the Company.

Your Directors also thank the Central Government and State Government, the Financial Institutions and Banks for their support during the year and we look forward to its continuance.

For and on behalf of the Board of Directors

**Venkateswarlu Jasti**

*Chairman & CEO*

DIN: 00278028

Place: Hyderabad

Date: 27th May 2016

## Annexure – A to the Board's Report

### Form No. MGT-9 Extract of Annual Return

as on the financial year ended on March 31, 2016

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

#### I. Registration and other details:

(i)	CIN	L24110TG1989PLC009713
(ii)	Registration Date	09-03-1989
(iii)	Name of the Company	SUVEN LIFE SCIENCES LIMITED
(iv)	Category / Sub-Category of the Company	Company limited by shares / Public company
(v)	Address of the Registered office and contact details	# 8-2-334, SDE Serene Chambers 6th Floor, Avenue 7, Road No. 5 Banjara Hills, Hyderabad – 500 034, Telangana, India Tel: 91-40-2354 1142/ 3311
(vi)	Whether listed company	Yes
(vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	<b>Karvy Computershare Pvt. Ltd.</b> Karvy Selenium, Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 Ph: 91-40-6716 1565 Contact Persons: <b>Ms. C Shobha Anand /Mr. US Singh</b>

#### II. Principal business activities of the Company

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Bulk Drugs and Intermediates	24231	93%

#### III. Particulars of holding, subsidiary and associate companies

Sl. No.	Name and address of the Company	CIN/GLN	holding/ subsidiary/ associate	% of shares held	Applicable Section
1	Jasti Property and Equity Holdings Private Limited * Plot No. 396, Road No. 22B Jubilee Hills, Hyderabad – 500 033 Telangana, India	U74900TG2015PTC097580	holding	60%	2(46)
2	Suven Inc., 1100 Cornwall Road, Monmouth Junction, NJ08852, USA	NA	subsidiary	100%	2(87)

\* In its capacity as sole trustee of the Jasti Family Trust.



#### IV. Share holding pattern (equity share capital breakup as percentage of total equity)

##### i) Category-wise Share Holding

Sl. No.	Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A.</b>	<b>PROMOTERS</b>									
<b>(1)</b>	<b>Indian</b>									
(a)	Individual/HUF	5000	0	5000	0.00	5000	0	5000	0.00	0.00
(b)	Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
(c)	State Govt.(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Bodies Corp.	75652576	0	75652576	59.44	76365000	0	76365000	60.00	0.56
(e)	Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Any Other....	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-total (A)(1)</b>	<b>75657576</b>	<b>0</b>	<b>75657576</b>	<b>59.44</b>	<b>76370000</b>	<b>0</b>	<b>76370000</b>	<b>60.00</b>	<b>0.56</b>
<b>(2)</b>	<b>Foreign</b>									
(a)	NRIs –Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Other –Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-total(A)(2):</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total shareholding of Promoter (A)= (A)(1)+ (A)(2)</b>	<b>75657576</b>	<b>0</b>	<b>75657576</b>	<b>59.44</b>	<b>76370000</b>	<b>0</b>	<b>76370000</b>	<b>60.00</b>	<b>0.56</b>
<b>B.</b>	<b>PUBLIC SHAREHOLDING</b>									
<b>(1)</b>	<b>Institutions</b>									
(a)	Mutual Funds	8463489	18000	8481489	6.66	6230818	18000	6248818	4.91	-1.75
(b)	Banks / FI	75661	0	75661	0.06	160446	0	160446	0.13	0.07
(c)	Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
(d)	State Govt.(s)	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Insurance Companies	1944094	0	1944094	1.53	561667	0	561667	0.44	-1.09
(g)	FIs	2079505	0	2079505	1.63	2886831	0	2886831	2.27	0.63
(h)	Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-total(B)(1):</b>	<b>12562749</b>	<b>18000</b>	<b>12580749</b>	<b>9.88</b>	<b>9839762</b>	<b>18000</b>	<b>9857762</b>	<b>7.74</b>	<b>-2.14</b>

Sl. No.	Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2)	<b>Non-Institutions</b>									
(a)	Bodies Corp.									
	(i) Indian	4209535	18000	4227535	3.32	3679572	9000	3688572	2.90	-0.42
	(ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Individuals									
	(i) Individual shareholders holding nominal share capital upto ₹1 lakh	24764563	955165	25719728	20.21	27501286	876165	28377451	22.29	2.09
	(ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	2435793	120000	2555793	2.01	3227264	120000	3347264	2.63	0.62
(c)	Others (specify)									
i)	Non Resident Indians	5917886	112200	6030086	4.74	5321927	112200	5434127	4.27	-0.47
ii)	Clearing Members	511011	0	511011	0.40	172712	0	172712	0.14	-0.27
iii)	NBFC	0	0	0	0.00	34590	0	34590	0.03	0.03
	<b>Sub-total (B)(2):</b>	<b>37838788</b>	<b>1205365</b>	<b>39044153</b>	<b>30.68</b>	<b>39937351</b>	<b>1117365</b>	<b>41054716</b>	<b>32.25</b>	<b>1.58</b>
	<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>50401537</b>	<b>1223365</b>	<b>51624902</b>	<b>40.56</b>	<b>49777113</b>	<b>1135365</b>	<b>50912478</b>	<b>40.00</b>	<b>-0.56</b>
C.	Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Grand Total (A+B+C)</b>	<b>126059113</b>	<b>1223365</b>	<b>127282478</b>	<b>100.00</b>	<b>126147113</b>	<b>1135365</b>	<b>127282478</b>	<b>100.00</b>	<b>0.00</b>

## ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1.	Jasti Property and Equity Holdings Private Limited *	75652576	59.44	0.00	76365000	60.00	0.00	0.56
2.	Venkateswarlu Jasti	1000	0.00	0.00	1000	0.00	0.00	0.00
3.	Sudha Rani Jasti	1000	0.00	0.00	1000	0.00	0.00	0.00
4.	Sirisha Jasti	1000	0.00	0.00	1000	0.00	0.00	0.00
5.	Madhavi Jasti	1000	0.00	0.00	1000	0.00	0.00	0.00
6.	Kalyani Jasti	1000	0.00	0.00	1000	0.00	0.00	0.00
	<b>Total</b>	<b>75657576</b>	<b>59.44</b>	<b>0.00</b>	<b>76370000</b>	<b>60.00</b>	<b>0.00</b>	<b>0.56</b>

\* In its capacity as sole trustee of the Jasti Family Trust.

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

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	At the beginning of the year	75657576	59.44	75657576	59.44
2.	Transfer on 04/09/2015	162424	0.13	75820000	59.56
	Transfer on 31/03/2016	550000	0.43	76370000	60.00
3.	At the End of the year			76370000	60.00

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

Sl. No.	Name of the Share Holder	Shareholding at the beginning / end of the Year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	IDFC Premier Equity Fund	5239040	4.12	01/04/2015			5239040	4.12
		5239040	4.12	31/03/2016			5239040	4.12
2	Rambabu Chirumamilla	3184188	2.50	01/04/2015			3184188	2.50
		3184188	2.50	31/03/2016			3184188	2.50
3	HDFC Trustee Company Limited - HDFC Prudence Fund	2368738	1.86	01/04/2015			2368738	1.86
			0.10	17/04/2015	(123798)	Transfer	2244940	1.76
			0.19	24/04/2015	(245800)	Transfer	1999140	1.57
			0.22	01/05/2015	(278000)	Transfer	1721140	1.35
			0.13	08/05/2015	(171000)	Transfer	1550140	1.22
			0.29	05/06/2015	(368747)	Transfer	1181393	0.93
			0.04	12/06/2015	(49800)	Transfer	1131593	0.89
			0.06	19/06/2015	(79000)	Transfer	1052593	0.83
			0.03	26/06/2015	(40000)	Transfer	1012593	0.80
			0.05	30/06/2015	(70000)	Transfer	942593	0.74
			0.14	03/07/2015	(175000)	Transfer	767593	0.60
			0.17	24/07/2015	(218600)	Transfer	548993	0.43
			0.09	31/07/2015	(120000)	Transfer	428993	0.34
			0.02	14/08/2015	(25600)	Transfer	403393	0.32
			0.08	25/09/2015	(100000)	Transfer	303393	0.24
			0.01	30/09/2015	(15000)	Transfer	288393	0.23
			0.16	09/10/2015	(204393)	Transfer	84000	0.07
			0.07	16/10/2015	(84000)	Transfer	0	0.00
		0	0.00	31/03/2016			0	0.00

Sl. No.	Name of the Share Holder	Shareholding at the beginning / end of the Year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
4	SBI Life Insurance Co. Ltd	1944094	1.53	01/04/2015			1944094	1.53
				17/04/2015	(199)	Transfer	1943895	1.53
				24/04/2015	859	Transfer	1944754	1.53
				01/05/2015	(369)	Transfer	1944385	1.53
				08/05/2015	(5000)	Transfer	1939385	1.52
				15/05/2015	(15195)	Transfer	1924190	1.51
				29/05/2015	81105	Transfer	2005295	1.58
				26/06/2015	(5000)	Transfer	2000295	1.57
				03/07/2015	12500	Transfer	2012795	1.58
				28/08/2015	(14363)	Transfer	1998432	1.57
				04/09/2015	(14875)	Transfer	1983557	1.56
				11/09/2015	(7597)	Transfer	1975960	1.55
				22/01/2016	(168111)	Transfer	1807849	1.42
				05/02/2016	(60889)	Transfer	1746960	1.37
				12/02/2016	(62588)	Transfer	1684372	1.32
				19/02/2016	(648520)	Transfer	1035852	0.81
				26/02/2016	(474185)	Transfer	561667	0.44
		561667	0.44	31/03/2016			561667	0.44
5	Usaa Asset Management Company A/C USAA Mutual Fund	0	0.00	01/04/2015			0	0.00
				25/09/2015	575189	Transfer	575189	0.45
				26/02/2016	(16784)	Transfer	558405	0.44
				04/03/2016	282963	Transfer	841368	0.66
				31/03/2016	(56048)	Transfer	785320	0.62
		785320	0.62	31/03/2016			785320	0.62
6	Venkata Vajramma U	0	0.00	01/04/2015			0	0.00
				21/08/2015	191500	Transfer	191500	0.15
				28/08/2015	16544	Transfer	208044	0.16
				11/09/2015	500000	Transfer	708044	0.56
		708044	0.56	31/03/2016			708044	0.56

Sl. No.	Name of the Share Holder	Shareholding at the beginning / end of the Year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
7	Pardha Saradhi U	616000	0.48	01/04/2015			616000	0.48
				11/09/2015	(500000)	Transfer	116000	0.09
		116000	0.09	31/03/2016			116000	0.09
8	Shivani T. Trivedi	611012	0.48	01/04/2015			611012	0.48
				10/04/2015	41700	Transfer	652712	0.51
				15/05/2015	(200000)	Transfer	452712	0.36
				29/05/2015	(452712)	Transfer	0	0.00
				19/06/2015	66400	Transfer	66400	0.05
				11/09/2015	94950	Transfer	161350	0.13
				18/09/2015	66400	Transfer	227750	0.18
				18/09/2015	(66400)	Transfer	161350	0.13
				06/11/2015	164600	Transfer	325950	0.26
				25/12/2015	(231000)	Transfer	94950	0.07
				15/01/2016	630380	Transfer	725330	0.57
				19/02/2016	(5330)	Transfer	720000	0.57
				04/03/2016	(31949)	Transfer	688051	0.54
				31/03/2016	(106949)	Transfer	581102	0.46
		581102	0.46	31/03/2016			581102	0.46
9	MV SCIF Mauritius	607766	0.48	01/04/2015			607766	0.48
				12/06/2015	(35392)	Transfer	572374	0.45
				26/06/2015	66474	Transfer	638848	0.50
				30/06/2015	(11496)	Transfer	627352	0.49
				03/07/2015	(15785)	Transfer	611567	0.48
				10/07/2015	(11502)	Transfer	600065	0.47
				31/07/2015	(17277)	Transfer	582788	0.46
				07/08/2015	(3903)	Transfer	578885	0.45
				14/08/2015	(40341)	Transfer	538544	0.42
				21/08/2015	(5763)	Transfer	532781	0.42
				28/08/2015	(23056)	Transfer	509725	0.40
				18/09/2015	5741	Transfer	515466	0.40
				25/09/2015	(650)	Transfer	514816	0.40
				30/09/2015	17295	Transfer	532111	0.42

Sl. No.	Name of the Share Holder	Shareholding at the beginning / end of the Year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
				09/10/2015	5764	Transfer	537875	0.42
				30/10/2015	11524	Transfer	549399	0.43
				20/11/2015	(11519)	Transfer	537880	0.42
				04/12/2015	(23037)	Transfer	514843	0.40
				11/12/2015	(57478)	Transfer	457365	0.36
				25/12/2015	(16354)	Transfer	441011	0.35
				31/12/2015	(5555)	Transfer	435456	0.34
				05/02/2016	4941	Transfer	440397	0.35
				25/03/2016	(13323)	Transfer	427074	0.34
		427074	0.34	31/03/2016			427074	0.34
10	Sundaram Mutual Fund A/C Sundaram Smile Fund	470418	0.37	01/04/2015			470418	0.37
		470418	0.37	31/03/2016			470418	0.37



## v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Name of the Directors/KMPs	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
	<b>Dr. M R Naidu – Director</b>				
1.	At the beginning of the year	9800	0.00	9800	0.00
2.	Transfer on 04/03/2016	2000	0.00	7800	0.00
	Transfer on 18/03/2016	2000	0.00	5800	0.00
3.	At the end of the year			5800	0.00
	<b>Dr. K V Raghavan – Director</b>				
1.	At the beginning of the year	2000	0.00	2000	0.00
2.	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Nil	Nil	Nil	Nil
3.	At the end of the year	2000	0.00	2000	0.00
	<b>Shri. D G Prasad – Director</b>				
1.	At the beginning of the year	0	0.00	0	0.00
2.	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
3.	At the end of the year	0	0.00	0	0.00
	<b>Prof. Seyed E Hasnain – Director</b>				
1.	At the beginning of the year	0	0.00	0	0.00
2.	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
3.	At the end of the year	0	0.00	0	0.00
	<b>Shri M Gopalakrishna – Director</b>				
1.	At the beginning of the year	0	0.00	0	0.00
2.	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
3.	At the end of the year	0	0.00	0	0.00
	<b>Mr. K Hanumantha Rao – Company Secretary</b>				
1.	At the beginning of the year	0	0.00	0	0.00
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year	0	0.00	0	0.00

Sl. No.	Name of the Directors/KMPs	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
	<b>Mr. P Subba Rao – Chief Financial Officer</b>				
2.	At the beginning of the year	55,675	0.04	55,675	0.04
	Transfer on 26/08/2016	125	0.00	55800	0.04
	Transfer on 20/01/2016	200	0.00	56000	0.04
	At the end of the year			56000	0.04

## V. Indebtedness

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

(₹ in lakhs)

Name of the Directors		Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
	<b>Indebtedness at the beginning of the financial year</b>				
(i)	Principal Amount	10121.21	730.13	0	10851.34
(ii)	Interest due but not paid	0	0	0	0
(iii)	Interest accrued but not due	36.03	6.00	0	42.03
	<b>Total ( i+ii+iii)</b>	<b>10157.24</b>	<b>736.13</b>	<b>0</b>	<b>10893.37</b>
	<b>Change in Indebtedness during the financial year</b>				
	• Addition	0.00	19.29	0	19.29
	• Reduction	2357.83	121.06	0	2478.89
	<b>Net Change</b>	<b>(2357.83)</b>	<b>(101.77)</b>	<b>0</b>	<b>(2459.61)</b>
	<b>Indebtedness at the end of the financial year</b>				
(i)	Principal Amount	7799.40	615.07	0	8414.47
(ii)	Interest due but not paid	0	0	0	0
(iii)	Interest accrued but not due	0	19.29	0	19.29
	<b>Total (i+ii+iii)</b>	<b>7799.40</b>	<b>634.35</b>	<b>0</b>	<b>8433.76</b>

## VI. Remuneration of directors and key managerial personnel

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

(₹ in lakhs)

Sl. No.	Particulars of Remuneration	Name of MD & CEO	Name of WTD	Total Amount
		Venkateswarlu Jasti	Sudha Rani Jasti	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	191.25	95.63	286.88
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	12.50	6.25	18.75
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0
2.	Stock Option	0	0	0
3.	Sweat Equity	0	0	0
4.	Commission			
	- as % of profit	157.51	78.75	236.26
	- Others, specify...	0	0	0
5.	Others, please specify – PF	22.95	11.48	34.43
	<b>Total (A)</b>	<b>384.21</b>	<b>192.10</b>	<b>576.31</b>
	Ceiling as per the Act	'Refer Note'		

**Note:** In terms of the provisions of the Companies Act, 2013, the remuneration payable to MD & CEO and WTD shall not exceed 10% of the net profit of the Company. The remuneration paid to MD & CEO and WTD is well within the said limit.

### B. Remuneration to other directors:

(₹ in lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Dr. M R Naidu	Dr. K V Raghavan	Shri D G Prasad	Shri M Gopala krishna	
1.	Independent Directors					
	• Fee for attending board / committee meetings	0.95	1.15	1.25	1.25	4.60
	• Commission	-	-	-	-	-
	• Others, please specify	-	-	-	-	-
	<b>Total (1)</b>	<b>0.95</b>	<b>1.15</b>	<b>1.25</b>	<b>1.25</b>	<b>4.60</b>
2.	Other Non-Executive Directors	Prof. Seyed E Hasnain				
	• Fee for attending board / committee meetings	0.80	-	-	-	0.80
	• Commission	-	-	-	-	-
	• Others, please specify	-	-	-	-	-
	<b>Total (2)</b>	<b>0.80</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.80</b>
	<b>Total (B)=(1+2)</b>	<b>1.75</b>	<b>1.15</b>	<b>1.25</b>	<b>1.25</b>	<b>5.40</b>
	Total Managerial Remuneration				Total (A+B)	581.71
	Overall Ceiling as per the Act					'Refer Note'

**Note:** In terms of the provisions of the Companies Act, 2013, the remuneration payable to Non-executive and Independent Directors shall not exceed 1% of the net profit of the Company. The Company is paying only sitting fee to all Non-executive and Independent Directors for attending Board/Committee meetings.

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

(₹ in lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Company Secretary	Chief Financial Officer	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	15.62	22.95	38.57
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.58	1.32	1.90
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0.00	0.00	0.00
2.	Stock Option	0.00	0.00	0.00
3.	Sweat Equity	0.00	0.00	0.00
4.	Commission			
	- as % of profit	0.00	0.00	0.00
	- Others, specify...	0.00	0.00	0.00
5.	Others, please specify - PF	0.00	0.00	0.00
	<b>Total</b>	<b>16.20</b>	<b>24.27</b>	<b>40.47</b>

### VII. Penalties / Punishment/ Compounding of Offences:

(₹ in lakhs)

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. Company					
Penalty	NIL	NA	NA	NA	NA
Punishment	NIL	NA	NA	NA	NA
Compounding	NIL	NA	NA	NA	NA
B. Directors					
Penalty	NIL	NA	NA	NA	NA
Punishment	NIL	NA	NA	NA	NA
Compounding	NIL	NA	NA	NA	NA
C. Other Officers in Default					
Penalty	NIL	NA	NA	NA	NA
Punishment	NIL	NA	NA	NA	NA
Compounding	NIL	NA	NA	NA	NA

For and on behalf of the Board of Directors

**Venkateswarlu Jasti**

*Chairman & CEO*

DIN: 00278028

Place: Hyderabad,  
Date: 27th May, 2016

## Annexure – B to the Board's Report

### Form AOC-1

[Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014]

#### Statement containing salient features of the financial statement of Subsidiaries/Associate Companies/Joint Ventures

Name of the Subsidiary	Suven Inc.
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Uniform reporting period
Reporting currency	USD
Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	₹66.43
Share capital	3430000
Reserves & surplus	(4213611)
Total assets	105442
Total Liabilities	889053
Investments	NIL
Turnover	NIL
Profit before taxation	(4213611)
Provision for taxation	NIL
Profit after taxation	(4213611)
Proposed Dividend	NIL
% of shareholding	100.00

1. Names of subsidiaries which are yet to commence operations : NIL

2. Names of subsidiaries which have been liquidated or sold during the year : NIL

For and on behalf of the Board of Directors

Place: Hyderabad,  
Date: 27th May, 2016

**Venkateswarlu Jasti**  
Chairman & CEO  
DIN: 00278028

## Annexure – C to the Board's Report

### Form No. AOC-2

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

Disclosure of particulars of contracts/ arrangements entered into by the Company with related parties 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. There are no contracts/ arrangements/ transactions entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 which are not at arm's length basis.
2. The following are the contracts/ arrangements/ transactions entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 which are at arm's length basis

Name(s) of the related party and 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:	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:
Ms Kalyani Jasti – daughter of Shri Venkateswarlu Jasti, Chairman and CEO and Smt Sudha Rani Jasti, Whole-time Director	Serving the Company as President (US Operations)	5 Years	Looks after US Operations, co-ordination with international customers and review of technical contracts of the Company.	22nd Sept, 2014	Monthly salary of 18000 USD being paid in terms of approval given by the members in EGM held on 21st October 2014 and with the approval of the Audit Committee.
Ms Sirisha Jasti – daughter of Shri Venkateswarlu Jasti, Chairman and CEO and Smt Sudha Rani Jasti, Whole-time Director	Serving the Company as GM (HR & ADMN)	4 Years	Looks after HR and Administration activities of the Company.	26th May 2015	Monthly Salary of ₹2,16,667/- being paid within the threshold limits prescribed under the Companies Act, 2013. with the approval of the Audit Committee.

For and on behalf of the Board of Directors

Place: Hyderabad,  
Date: 27th May, 2016

**Venkateswarlu Jasti**  
Chairman & CEO  
DIN: 00278028



## Annexure – D to the Board's Report

### Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

[Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014]

#### (A) Conservation of energy

(i) the steps taken or impact on conservation of energy;

Energy conservation is of utmost importance to Suven. Creating awareness among the employees on energy conservation through training and events Increased focus on procurement of energy efficient equipment

(ii) the steps taken by the Company for utilising alternate sources of energy;

Nil

(iii) the capital investment on energy conservation equipments;

Nil

#### (B) Technology Absorption

(i) Efforts made towards technology absorption;

Continuous improvement is our motto. Suven continues to use the latest technology for improving the productivity and quality and does not require any technology importation

(ii) Benefits derived like product improvement, cost reduction, product development, import substitution;

Due to awareness and training we have reduced the production downtimes and increased productivity while reducing the environmental load.

(iii) In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year).

a)	Technology imported	NIL
b)	Year of import	NA
c)	Whether the technology been fully absorbed	NA
d)	If not fully absorbed, areas where absorption has not taken place, and the reasons thereof.	NA

(iv) Expenditure incurred in the R&D centers and innovation centers of Suven during financial year 2015-16 are given below:

(₹ in lakhs)

Expenditure on R&D and Innovation		Year ended 31st March, 2016	Year ended 31st March, 2015
a)	Capital	800.76	297.64
b)	Recurring	6,295.08	5,596.26
c)	Total R&D expenditure	7,095.84	5,893.90
d)	Total R&D and innovation expenditure as a percentage of total turnover	14%	11%

#### (C) Foreign exchange earnings and outgo

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows. Please refer to Note No. 40 to 41 of Notes to Financial Statements.

For and on behalf of the Board of Directors

Venkateswarlu Jasti

Chairman & CEO

DIN: 00278028

Place: Hyderabad,  
Date: 27th May, 2016

## Annexure – E to the Board's Report

### Annual Report on Corporate Social Responsibility (CSR) Activities

1.	A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes	CSR Policy is stated herein below: Web link: <a href="http://suven.com/Pdf/CSR%20policy.pdf">http://suven.com/Pdf/CSR%20policy.pdf</a>
2.	Composition of the CSR Committee	Shri M Gopalakrishna – Chairman of CSR committee (Independent Director) Shri Venkateswarlu Jasti (Chairman & CEO) Smt. Sudha Rani Jasti (Whole-time Director)
3.	Average net profit of the Company for last three financial years	13338.78 lakhs
4.	Prescribed CSR Expenditure (two percent of the amount as in item 3 above):	266.78 lakhs
5.	Details of CSR spend for the financial year	
	a) Total amount spent for the financial year:	181.58 lakhs
	b) Amount unspent, if any:	85.19 lakhs (Funds are earmarked for the identified Projects which are under implementation)

(c) Manner in which the amount spent during the financial year is detailed below:

(₹ in lakhs)

Sr. No.	Projects / Activities	Sector	Projects or Programmes (District and State)	Amount Outlay (Budget) Project or Programs wise	Amount Spent on the project or programs	Cumulative Expenditure upto reporting period	Amount Spent: Direct/ through implementing agency.
1.	Educational Scholarship, Tuition Support/sports and Promotion of Road Safety awareness	Education	Ranga Reddy, Medak, Nalgonda, Hyderabad and Vizag	94.00	93.24	134.54	Direct & JVM Rural Development Trust.
2.	Providing safe drinking water to community, installing RO Plant, Maintenance and water supply	Safe Drinking Water	Nalgonda District (Telangana)	6.50	6.37	21.74	Direct
3.	Preventive health care camps	Healthcare	Nalgonda and Hyderabad, Telangana	80.00	79.47	100.47	Direct & LV Prasad Trust
4.	Mid-Day Meal programme	Poverty and malnutrition	Guntur Dist, AP	3.00	2.50	2.50	Direct
	<b>TOTAL</b>				<b>181.58</b>	<b>259.25</b>	

Place: Hyderabad,  
Date: 27th May, 2016

Venkateswarlu Jasti  
Chairman & CEO  
DIN: 00278028

M. Gopalakrishna  
Chairman – CSR Committee  
DIN: 00088454

### **Brief contents of the CSR policy as approved by the Board**

Our Company recognises that business enterprises are economic organs of society and part of society and draw on societal resources for their growth. We have a duty towards society and the communities and neighborhoods in whose vicinity we operate

The Company undertake the following CSR Projects/ Programs in any of the following areas:

- (a) Promoting preventive health care and sanitation and making available safe drinking water to the communities where SUVEN operates;
- (b) Promoting education, including special education and employment enhancing vocational skills among children, literacy and digital literacy among women, elderly, and the differently abled and enhance livelihood opportunities through projects.
- (c) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources, promotion of art, culture and heritage sites and maintaining quality of soil, air and water.

## Annexure – F to the Board's Report

Information required under Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- (i) the ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year;

Sr. No.	Name of the Director	Ratio of the remuneration to the median remuneration of the employees
1.	Shri Venkateswarlu Jasti – Chairman & CEO	16.30 :1
2.	Smt Sudharani Jasti – Whole-time Director	8.15 :1

Dr M R Naidu, Dr K V Raghavan, Shri D G Prasad, Shri M Gopalakrishna, Independent Directors and Prof Seyed E Hasnain, Non-executive Director were paid only sitting fees for attending the Board / Committee Meetings.

- (ii) the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;

Sr. No.	Particulars	Percentage increase in remuneration
1.	Chairman & CEO	10.60%
2.	Whole-time Director	13.37%
3.	Chief Financial Officer	10.42%
4.	Company Secretary	10.81%

Dr M R Naidu, Dr K V Raghavan, Shri D G Prasad, Shri M Gopalakrishna, Independent Directors and Prof Seyed E Hasnain, Non-executive Director were paid only sitting fees for attending the Board/ Committee Meetings.

- (iii) the percentage increase in the median remuneration of employees in the financial year;

14.23 %

- (iv) the number of permanent employees on the rolls of company;

There were 954 permanent employees as on 31st March 2016

- (v) the explanation on the relationship between average increase in remuneration and company performance;

Factors considered while recommending increase in remuneration:

- Cost of Living
- Individual performance
- Company's performance, etc.

- (vi) comparison of the remuneration of the Key Managerial Personnel against the performance of the Company;

For the financial year ended 31st March, 2016, the remuneration paid to all KMPs aggregate to approximately 4.55% of the Net Profit. The Net Profit was ₹12710 lakhs where as remuneration paid to all KMPs aggregate to approximately 3.29% of the previous year ₹15751 lakhs.

- (vii) variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the Company as at the close of the current financial year and previous financial year;

Sr. No.	Particulars	As at 31st March, 2016		As at 31st March, 2015	
		BSE	NSE	BSE	NSE
1.	The market capitalisation of the Company	2454.01 Crores	2452.10 Crores	3669.55 Crores	3653.64 Crores
2.	price earnings ratio	25.84	25.82	31.89	31.75
3.	dwindle of 33% during the year under review				

The Company had come out with initial public offer (IPO) in 1995 at the price of ₹50/- per equity share (including ₹40/- towards the share premium). As on 31st March, 2016 the market quotation of the Company share price (closing price) is as follows:

- BSE Limited: ₹192.80
- National Stock Exchange of India Ltd: ₹192.65

(viii) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;

Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year was 14.23. Whereas the remuneration of managerial personnel was increased by 11.51 % for the same financial year.

(ix) comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company;

The comparison of remuneration of each of the Key Managerial Personnel against the performance of the Company is as under:

Sr. No.	Particulars	% of net profit for the FY 2015-16
1.	Chairman & CEO	2.78%
2.	Whole-time Director	1.39%
3.	Chief Financial Officer	0.21%
4.	Company Secretary	0.16%

(x) the key parameters for any variable component of remuneration availed by the directors;

Commission payable to the managerial personnel is linked to the net profits of the Company as per terms of appointment of the managerial personnel.

(xi) the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year; Nil

(xii) Affirmation that the remuneration is as per the remuneration policy of the Company. Yes

Statement of particulars of employees pursuant to the provision of Sec 197(12) of the Companies Act, 2013 read with Rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended.

name of the employee	the age of employee	designation of the employee	gross remuneration received (₹ in lakhs)	nature of employment, whether contractual or otherwise	qualifications of the employee	experience of the employee	date of commencement of employment	the last employment held by such employee before joining the Company
Shri Venkateswarlu Jasti	67 years	Chairman & CEO	384.21	Regular	M. Pharma; M.S. (Indus. Pharmacy)	42 years	09-03-1989	Business in USA
Smt Sudharani Jasti	62 years	Whole-time Director	192.10	Regular	B. Sc	35 years	09-03-1989	Business in USA
Dr. NVS Ramakrishna	54 years	Vice President (Discovery Research)	150.00	Regular	M. Sc., Ph. D	27 years	04-03-2002	Zydus Cadila
Dr. C Rajendiran	55 years	Vice President (R&D)	70.50	Regular	M. Sc., Ph. D	25 years	21-01-2002	Sun Pharmaceuticals Industries Ltd

None of the employee is related to the Directors except Shri Venkateswarlu Jasti who is spouse of Smt Sudha Rani Jasti.

For and on behalf of the Board of Directors

Venkateswarlu Jasti  
Chairman & CEO  
DIN: 00278028

Place: Hyderabad,  
Date: 27th May, 2016

## Annexure – G to the Board's Report

### Secretarial Audit Report for the Financial Year Ended 31st March 2016

#### Form No. MR 3

Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule 9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014

To  
The Members of  
**M/s. Suven Life Sciences Limited**  
Hyderabad

We have conducted Secretarial Audit pursuant to Section 204 of the Companies Act 2013, on the compliance of applicable Statutory Provisions and the adherence to good corporate practices by M/s. Suven Life Sciences Limited (hereinafter called 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 books, papers, minutes books, forms, returns filed and other records maintained by the Company and also the information and according to the examinations carried out by us and explanations furnished and representations made to us by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has during the Audit Period covering the financial year ended on 31st March 2016 has 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.

1. We have examined the books, papers, minutes books, forms and returns filed and other records maintained by the Company for the financial year ending 31st March, 2016 ("Audit Period") and we report that the Company has complied with the relevant provisions of the Acts, Rules, and Standards there under:
  - 1.1. The Companies Act, 1956 (to the extent applicable) and the Companies Act, 2013 (the Act) and the Rules made there under;
  - 1.2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
  - 1.3. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
  - 1.4. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
  - 1.5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
    - 1.5.1. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - 1.5.2. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
    - 1.5.3. 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;
    - 1.5.4. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
    - 1.5.5. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 & Listing Agreements entered with the National Stock Exchange of India Limited and the BSE Limited.
  - 1.6. Secretarial Standards on the Meetings of the Board of Directors and General Meetings issued by the Institute of Company Secretaries of India.



2. The Company is engaged in the business of manufacture and sale of bulk drugs and intermediaries. Accordingly, some of the following applicable Industry specific Acts are covered under the purview of our audit, in consultation with the Management and on the basis of the Guidance Note issued by the ICSI. Based on our verification and also reliance on the Compliance Certificates given by the respective Department Heads, the Company has generally complied the following Industry Specific Laws:
  - (i) Drugs and Cosmetics Act, 1940 read with the Drugs and Cosmetics Rules, 1945 respectively in line with the amendments from time to time;
  - (ii) Narcotic Drugs and Psychotropic Substances Act, 1985 read with the Narcotic Drugs and Psychotropic Substances Rules, 1985 respectively in line with the amendments from time to time;
  - (iii) Petroleum act, 1934 read with the other Rules and Regulations respectively in line with the amendments from time to time;
  - (iv) Inflammable substances act, 1952 read with the other Rules and Regulations respectively in line with the amendments from time to time;
  - (v) Explosives act, 1884 read with Explosives Rules, 1983 respectively in line with the amendments from time to time;
  - (vi) Poisons act, 1919 read with the other Rules and Regulations respectively in line with the amendments from time to time;
  - (vii) Indian boilers act, 1923 read with the other Rules and Regulations respectively in line with the amendments from time to time.
3. We further report that:
  - 3.1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Woman Director. There were no changes in the composition of the Board of Directors during the period under review.
  - 3.2. Adequate Notice is given to all the Directors to schedule the Board Meetings were sent at least 7 days in advance.
  - 3.3. There exists a system for seeking and obtaining further information and clarifications on the agenda items before the meeting and meaningful participation at the meeting.
  - 3.4. Majority decision is carried through and there were no instances of dissenting members in the Board of Directors.
  - 3.5. It is to be noted that for the Audit period the following Acts/Regulations either not applicable or no event arise during the Audit Period:
    - (i) SEBI (ICDR) Regulations, 2009.
    - (ii) SEBI (Issue and Listing of Debt Securities) Regulations, 2008.
    - (iii) SEBI (Delisting of Equity Shares) Regulations, 2009.
    - (iv) SEBI (Buyback of Securities) Regulations, 1998.
  - 3.6. There exists adequate systems and processes in the Company that commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
4. We further report that during the audit period, there were no specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc., referred to above.

For **dvmgopal & associates**  
Company Secretaries

**DVM Gopal**  
Proprietor  
M No: F6280  
CP No: 6798

Place: Hyderabad  
Date: 27.05.2016

Note: This letter is to be read with our letter of even date which is annexed and form an integral part of this report.

## ANNEXURE

To  
The Members of  
**M/s. Suven Life Sciences Limited**  
Hyderabad

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 processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed 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 representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the Management. Our examination was limited to the verification of procedures on random 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 **dvmgopal & associates**  
*Company Secretaries*

Place: Hyderabad  
Date: 27.05.2016

**DVM Gopal**  
*Proprietor*  
M No: F6280  
CP No: 6798

## Annexure to the Board's Report

Statement as at 31st March, 2016, pursuant to Clause 12 (Disclosure in the Directors' Report) of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 in respect of Options granted under the Company's Employee Stock Option Schemes.

Sr. No.	Description	2004 Plan
(a)	Options granted	48,00,000
(b)	The pricing formula	At Market price; as per SEBI pricing formula
(c)	Options vested	48,00,000
(d)	Options exercised	17,45,538
(e)	The total number of shares arising as a result of exercise of option	17,45,538
(f)	Options lapsed	24,04,462
(g)	Variation of terms of options	NIL
(h)	Money realised by exercise of options	₹3,74,50,470/-
(i)	Total number of options in force	6,50,000
(j)	i) Employee wise details of options granted to senior managerial personnel during the year.	NIL
	ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year.	NIL
	iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant;	NIL
(k)	Diluted Earnings Per Share (EPS) pursuant to issue of shares on Exercise of option calculated in accordance with [Accounting Standard (AS) 20 'Earnings Per Share'].	₹7.46
(l)	Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee Compensation cost that shall have been recognised if it had used the fair value of the options shall be disclosed. The impact of this difference on Profits and on EPS of the Company shall also be disclosed.	The Company has used the intrinsic value method to compute the employee compensation cost on account of ESOP in the financial year 2015-16. Had the Company used the fair value method, the ESOP cost in the financial year would have been ₹31847953.00 and net profit would have reduced by this amount. The EPS (in ₹) would have been 7.21
(m)	Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	Number of outstanding options as on March 31, 2016 were-6,50,000. The weighted average exercise price of the outstanding options as on March 31, 2016 was ₹25.28 and the weighted average fair value of the outstanding options as on March 31, 2016 was ₹25.02

Sr. No.	Description	2004 Plan	
(n)	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information:	The Company has opted to use the Intrinsic value method for accounting of compensation cost arising out of ESOP. However for disclosures in Para (l) above the following assumptions have been made	
	i) risk-free interest rate,	6.5%	
	ii) expected life,	48 months	
	iii) expected volatility,	50%	
	iv) expected dividends, and	1.33%	
	v) The price of the underlying share in market at the time of option grant.	Date of Grant	Market Price ₹
		18-09-2004	74.85
		30-07-2005	88.65
		29-04-2006	82.45
		30-09-2006	101.15
		03-05-2007	41.00
		28-01-2008	36.40
		12-07-2010	29.75
		30-05-2011	22.30

# Report on Corporate Governance

## I. Statement on Company's Philosophy on Code of Governance

Your Company firmly believes that good corporate governance practices are ingredients for the balanced development of an organisation which would not only maximise the shareholder's value but also contributed to sustained and long lasting development of the organisation. The Board of Directors believes in ethical values and high moral standards in achieving the highest standards of corporate governance. All the SUVEN activities are carried out in accordance with good corporate practices and the Company is constantly striving to better them and adopt the best practices.

Simultaneously, in keeping with best practices, your Company committed to provide full spectrum of quality services and products in Contract Technical Services (CTS) and Contract Research and Manufacturing Services (CRAMS) by fulfilling customer's satisfaction.

## II. Board of Directors

### Composition of Board

The Board represents an optimum mix of professionalism, knowledge and experience. As on March 31, 2016, we had a total strength of seven (7) Directors on the Board, comprising of: two (2) Executive Directors, one (1) Non-executive Director (i.e. 40%) and four (4) Independent Directors (i.e. 60%). The Company immensely benefits from the professional expertise of the Independent Directors. The Board has an adequate combination of Executive Directors, Non-Executive and Independent Directors.

None of the Directors on the Board are Members of more than ten Committees or Chairman of more than five Committees across all the public companies in which they are Directors. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2016 have been made by the Directors.

### Key information pertaining to Directors as on 31st March, 2016

Name of the Director	Category	No. of Board Meetings		Attendance at the last AGM held on August 14, 2015	Directorship in other Public Companies	No. of Committee positions held in all companies	
		held	attended			Chairman	Member
Shri Venkateswarlu Jasti	Chairman & CEO Promoter	5	5	Yes	-	-	-
Smt Sudha Rani Jasti	Whole-time Director Promoter	5	5	Yes	-	-	1
Dr M R Naidu	Independent Non-Executive Director	5	3	No	-	-	2
Dr K V Raghavan	Independent Non-Executive Director	5	4	Yes	1	1	1
Shri D G Prasad	Independent Non-Executive Director	5	5	Yes	4	2	2
Prof Seyed E Hasnain	Non-Executive Director	5	4	Yes	1	-	1
Shri M Gopalakrishna	Independent Non-Executive Director	5	5	Yes	8	1	6

## Board Meetings

The Board met five times in the Financial Year 2015-16, on 26th May 2015, 14th August 2015, 10th November 2015, 12th February 2016 and 05th March, 2016.

The time gap between any two meetings did not exceed one hundred and twenty days as per the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the required information was suitably placed before the board meetings. The details relating to financial and commercial transactions where directors may have a potential interest, if any, were provided to the Board and interested directors abstained from the proceedings.

## Disclosure of relationships between directors inter-se

None of the Directors is related to other Directors, except Shri Venkateswarlu Jasti who is spouse of Smt. Sudha Rani Jasti

## No. of shares held by Non-Executive Directors

Sl. No.	Name of Director	No. of equity shares held as on 31st March 2016
1	Dr M R Naidu	5,800
2	Dr K V Raghavan	2,000
3	Shri D G Prasad	NIL
4	Prof Seyed E Hasnain	NIL
5	Shri M Gopalakrishna	NIL

## Board Committees

The Board has constituted various committees of directors to take informed decisions in the best interest of the Company. These

committees monitor the activities falling within their terms of reference. Some of the committees of the Board were renamed to align with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## III. Audit Committee

### Composition and terms of reference

The present Audit Committee comprises of all Independent Directors. All of whom possess accounting and financial management expertise / exposure.

The terms of reference to the Audit committee given by the Board are as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time. The Committee reviews the following information:

- Management discussion and analysis of financial condition and results of operations,
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by management,
- Management letters / letters of internal control weaknesses issued by the statutory auditors,
- Internal audit reports relating to internal control weaknesses and
- The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

The entire internal audit process has been reviewed by the Committee and Internal Auditors role induced with requisite adequacy.

## The composition of the Audit Committee is as follows

Name of Director & Designation	Category of Director	No. of Meetings	
		held	attended
Shri D G Prasad – Chairman	Independent & Non-Executive Director	4	4
Dr M R Naidu – Member	Independent & Non-Executive Director	4	3
Dr K V Raghavan – Member	Independent & Non-Executive Director	4	3
Shri M Gopalakrishna – Member	Independent & Non-Executive Director	4	4

In addition to the members of the audit committee, these meetings are attended by the Heads of Accounts & Finance, Internal Auditors and Statutory Auditors of the Company and the Company Secretary acts as the Secretary of the Audit Committee. The Chairman of the Audit Committee Shri D G Prasad attended the annual general meeting (AGM) held on 14th August 2015.

## Meetings held during the year

During the year Audit Committee met four times on 26th May 2015, 14th August 2015, 10th November 2015, and 12th February 2016. The attendance of the Committee Members was presented in the above table.



## IV. Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of Independent Non-executive and Executive Directors. The terms of reference of the Committee cover evaluation of compensation and benefits payable to executive directors under the provisions of the Companies Act, 2013 and to recommend the same to the Board. During the year this Committee was reconstituted as under by inducting Shri Venkateswarlu Jasti as member of the Committee in place of Prof Seyed E Hasnain.

The composition of the Nomination and Remuneration Committee is as follows

Name of Directors & Designation	Category of Director	No. of Meetings	
		held	attended
Dr K V Raghavan – Chairman	Independent & Non-executive Director	1	1
Dr M R Naidu – Member	Independent & Non-executive Director	1	1
Shri D G Prasad – Member	Independent & Non-executive Director	1	1
Shri Venkateswarlu Jasti – Member	Executive Director	1	-

During the year Nomination and Remuneration Committee met 1 time on 10th November, 2015. The attendance of the Committee Members was presented in the above table.

The Chairman of the Nomination and Remuneration Committee Dr K V Raghavan attended the annual general meeting (AGM) held on 14th August 2015.

### Remuneration Policy for selection and appointment of directors / senior management and their remuneration

The Nomination and Remuneration (N&R) Committee has adopted a policy which, inter alia, deals with the manner of selection of all Directors and Senior management personnel and their remuneration as under: Policy enables the management to engage HR consultants whenever external advice needed in this behalf.

### Criteria of selection of all categories of Directors and Senior Management Personnel

- The incumbent must be a graduate or above with ability to understand the Board procedures and having rudimentary knowledge over financial statements.
- Must possess reasonable experience at the Board/senior management level.
- Must have ethical behavior and willingness to comply with all applicable statutory requirements like declaring their interests in the companies/ entities, following the requirements of Board procedures, attending Board/ Committee meetings and active participation in all matters placed before the Board.
- Must be able to exercise independent judgment over the matters reported to the Board.

- As a matter of general practice the Non Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board / Committee meetings. The Nomination and Remuneration Committee will review and establish the level of remuneration for non-executive directors. Director remuneration is to be set at a level commensurate with comparable companies and to attract the best candidates for the board
- Where necessary recommend to the Board for an increase in the remuneration of non-executive directors subject to provisions of Companies Act, 2013.
- The Committee may review and give a guidance note on all salary increases and bonus payments for all direct reports to the CEO in line with the industry standards.

The Committee may review and give a general guidance note on the quantum of salary increases and bonus payments for all other staff in line with the industry standards

### Performance evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance and of the independent directors on parameters such as level of engagement, contribution, independence of judgement, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process as well as the evaluation of the working of its Committees, information needs of the Board, execution and performance of specific duties, obligations and governance.

Remuneration paid to the Executive Directors and sitting fees paid to Non-Executive Directors during 2015-2016 is as under:

Executive Directors

₹ in lakhs

Name of the Director	Salary & Allowances	Commission	Contribution to Provident Fund	Perquisites	Total
Shri Venkateswarlu Jasti, Chairman & CEO	191.25	157.51	22.95	12.50	384.21
Smt Sudha Rani Jasti, Whole-time Director	95.63	78.75	11.47	6.25	192.10

Non-Executive Directors

Name of the Director	Sitting fee* (₹)
Dr M R Naidu	95000.00
Dr K V Raghavan	115000.00
Shri D G Prasad	125000.00
Prof Seyed E Hasnain	80000.00
Shri M Gopalakrishna	125000.00

\* Net of taxes.

## V.

### I. Stakeholders' Relationship Committee

Stakeholders' Relationship Committee of Directors reviews the following:

Expeditious redressal of investor's grievances, Transfer of shares, Dematerialisation/ Re-materialisation, Non receipt of Annual Reports and declared dividend, all other matters related to shares.

The Constitution of Stakeholders' Relationship Committee is as follows:

Name of Directors & Designation	Category of Director	No. of Meetings	
		Held	Attended
Dr. K V Raghavan – Chairman	Independent & Non-executive Director	4	3
Dr. M R Naidu – Member	Independent & Non-executive Director	4	3
Smt. Sudha Rani Jasti – Member	Executive Director	4	4

Name and Address of Compliance Officer

**CS K. Hanumantha Rao**

*Company Secretary & Compliance Officer*

Suven Life Sciences Limited

SDE Serene Chambers, 6th Floor, Road No. 5

Avenue 7, Banjara Hills, Hyderabad – 500 034

CIN: L24110TG1989PLC009713

Tel: +91 40-2354 1142/ 3311, Fax: +91 40-2354 1152

### Details of complaints/requests received and redressed

During the year 2015-2016, 222 complaints were received pertaining to the dividends, annual reports, change of bank/ address details and split shares etc. from shareholders and the complaints have been resolved to the satisfaction of the Complainants. As on 31/03/2016 there were no complaints pending to be resolved.

## II. Share Transfers Committee

To ensure quicker investor services and expeditious disposal of the share transfer approvals, this Committee has been constituted with the following members of the Board.

Shri Venkateswarlu Jasti, Chairman & CEO is heading the Committee and

Smt. Sudha Rani Jasti, Whole-time Director is a member

The Committee meets as and when the memorandum of transfers date is intimated by the Karvy Computershare Pvt. Ltd. (Registrars and Transfer Agents) and accords its approvals accordingly.

The Committee met three times during the financial year 2015-16.

## VI. Corporate Social Responsibility (CSR) Committee

The terms of reference of the Corporate Social Responsibility Committee (CSR) broadly comprises:

To review the existing CSR Policy and to make it more comprehensive so as to indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;

To provide guidance on various CSR activities to be undertaken by the Company and to monitor its progress

The composition of the Corporate Social Responsibility Committee and the details of Members' participation at the Meeting of the Committee held on 22nd May, 2015 are as under:

Name of the Director	Category of Director	No. of Meetings	
		Held	Attended
Shri M Gopalakrishna – Chairman	Independent & Non-executive Director	1	1
Shri Venkateswarlu Jasti – Member	Executive Director	1	1
Smt. Sudha Rani Jasti – Member	Executive Director	1	-

## VII. ESOP Compensation Committee

The Committee has been authorised to frame suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India including, The Securities and Exchange Board of India (Insider Trading) Regulations 1992/2015; and perform such functions required to be performed by the Compensation Committee under the SEBI Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999.

ESOP Compensation Committee composed of Dr. M R Naidu as Chairman, Dr. K V Raghavan as Member and Shri Venkateswarlu Jasti as Member of the Committee.

## VIII. Meeting of Independent Directors

During the year under review, the Independent Directors met on 12th February, 2016, carried out inter alia, the following process:

Evaluation of performance of Non Independent Directors and the Board of Directors as a whole; evaluation of performance of the Chairman of the Company, taking into account the views of the Executive and Non Executive Directors and evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties. All the Independent Directors were present at the Meeting.

The present independent directors were re-appointed on the Board w.e.f. 1st April 2014 for one term of 5 years. The Company has organised familiarisation programmes with respect to their duties, roles, responsibilities, business models and operations of the Company and new SEBI Regulations on Listing Obligations and Disclosure Requirements. The Company will organise necessary familiarisation programmes as and when required. The terms and conditions of appointment of the independent directors are disclosed on the website of the Company. The information on the familiarisation programmes can be accessed from our Company's website at Web link:

[http://suven.com/Familiarisation\\_program\\_for\\_independent\\_%20directors.pdf](http://suven.com/Familiarisation_program_for_independent_%20directors.pdf)

## IX. General Body Meetings

Annual General Meeting: Location, date and time of last three Annual General Meetings (AGMs) and Special Resolutions passed there at:

Year	Venue	Date and Time	No. of Special Resolutions passed
2014-15	KLN Prasad Auditorium, The Federation of Andhra Pradesh Chambers of Commerce & Industry [FAPCCI], 11-6-841, Red Hills, Hyderabad –500 004	14/08/2015 3:00 PM	NIL
2013-14	Forum Hall, Hotel Daspalla, Road No. 37, Jubilee Hills, Hyderabad – 500 033	12/08/2014 12:00 Noon	Two
2012-13	KLN Prasad Auditorium, The Federation of Andhra Pradesh Chambers of Commerce & Industry [FAPCCI], 11-6-841, Red Hills, Hyderabad –500 004	13/08/2013 10:00 AM	Four

### Postal Ballot:

No item of business relating to matters specified under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or the provisions contained in section 110 of the Companies Act 2013, requiring voting by postal ballot is included in the Notice Convening the 27th Annual General Meeting of the Company.

## X. Means of Communication

Quarterly Results, Press Releases, Presentations and Publications:

The quarterly results are generally published in widely circulated national newspapers the Business Standard and in one vernacular Language newspaper Andhra Prabha (Telugu Daily). And also the half yearly and Annual Audited Financial Results are published in the same manner.

The Financial Results are also displayed on the Company's web site [www.suven.com](http://www.suven.com) official news releases; presentations made to the institutional investors / analysts / media are also displayed on the Company's website.

Management Discussion and Analysis detailed report is forming part of this Annual Report

The Company is filing/ submitting its Shareholding Pattern, Financial Results, Report on Corporate Governance on quarterly/ half-yearly /yearly basis and are posted on the website of the Company as well as on the website of BSE/ NSE in accordance with the SEBI Regulations which may be accessed by the shareholders.

## XI. General Information for Shareholders

### i) Annual General Meeting:

Financial Year	: 2015 – 2016
Day and Date	: Wednesday, 10th day of August, 2016
Time	: 10:30 AM
Venue	: KLN Prasad Auditorium, The Federation of Telangana and Andhra Pradesh Chambers of Commerce & Industry [FTAPCCI], 11-6-841, Red Hills, Hyderabad –500 004

**ii) Financial Calendar (tentative)****Financial Year April 1, 2016 to March 31, 2017**

Quarter Ending	Release of Results
June 30, 2016	latest by August 14, 2016
September 30, 2016	latest by November 14, 2016
December 31, 2016	latest by February 14, 2017
March 31, 2017	May 15, 2017*

\* instead of publishing quarterly un-audited results, the Company may opt to publish Audited Annual within 60 days from the end of the financial year as per SEBI Regulations.

**iii) Dates of Book Closure:** from 08th August, 2016 to 10th August, 2016 (both days inclusive)**iv) Dividend Disclosure:** The Board of Directors declared and paid an interim dividend of ₹2.00 (including a onetime special dividend of ₹1.00) per equity share of ₹1.00 each for the financial year 2015-2016 to the shareholders whose names appeared on 15th March 2016 being the Record Date notified to the Stock Exchanges. Your Directors recommend that the interim dividend paid may be treated as final dividend for the year 2015-2016.**Mode of Dividend payment and date**

Dividend remitted through National Electronic Clearing Service (NECS) at approved locations, wherever NECS details are available with the Company; and in all other cases, through warrants payable at par. These warrants shall be valid for a period of 90 days. Post expiry of validity period, these may be sent to the Company's Office at # 8-2-334, SDE Serene Chambers, 6th Floor, Avenue 7, Road No. 5, Banjara Hills, Hyderabad – 500 034 for issue of demand drafts in lieu of expired dividend warrants.

**v) Listing on Stock Exchanges**

The shares of the Company are listed on

**BSE Limited**

Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001

**National Stock Exchange of India Limited**

Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051

The Company confirms that it has paid annual listing fees due to the stock exchanges for the financial year 2016-2017.

**vi) Stock Code**

Stock Exchanges	Scrip Code	Scrip ID
BSE Limited	530239	SUVEN
National Stock Exchange of India Limited	SUVEN-EQ	SUVEN

Depository for Equity Shares : NSDL and CDSL

Demat ISIN Number : INE495B01038

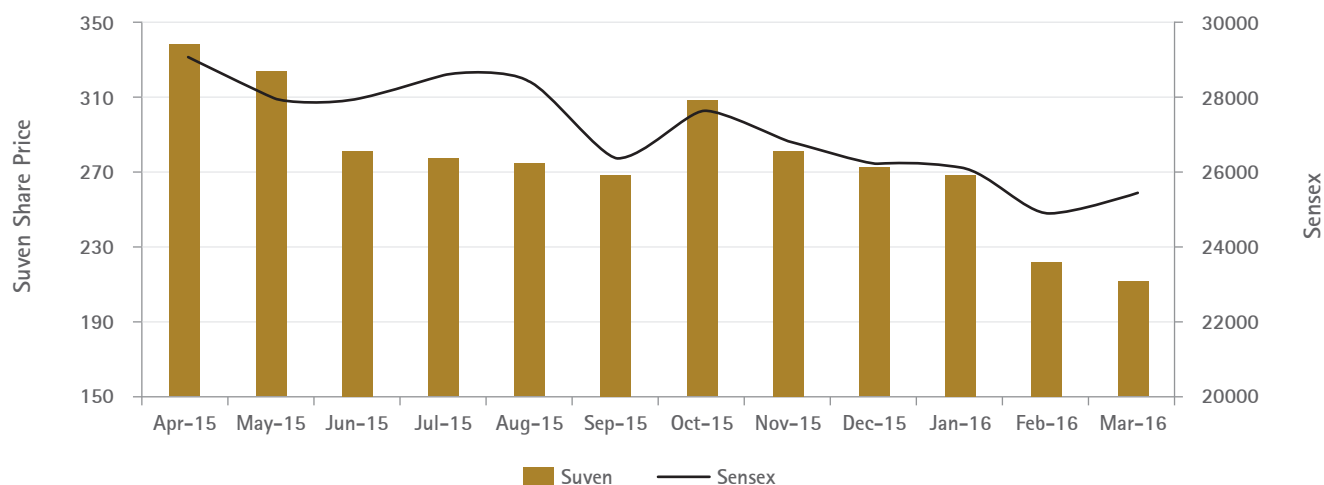
vii) Stock Market Price Data BSE- SENSEX

Month		BSE			BSE SENSEX	
		HIGH (₹)	LOW (₹)	Volume (No.)	HIGH	LOW
2015	April	338.50	265.20	5,776,647	29,094.61	26,897.54
	May	323.70	265.10	4,348,193	28,071.16	26,423.99
	June	282.00	222.05	3,190,137	27,968.75	26,307.07
	July	277.50	227.80	3,122,913	28,578.33	27,416.39
	August	274.95	200.05	2,405,670	28,417.59	25,298.42
	September	269.50	192.15	3,727,598	26,471.82	24,833.54
	October	308.70	267.50	5,666,015	27,618.14	26,168.71
	November	282.30	250.50	2,051,935	26,824.30	25,451.42
	December	273.25	245.10	2,432,147	26,256.42	24,867.73
2016	January	269.40	201.60	1,534,932	26,197.27	23,839.76
	February	223.70	144.35	2,095,492	25,002.32	22,494.61
	March	211.80	153.70	3,403,567	25,479.62	23,133.18

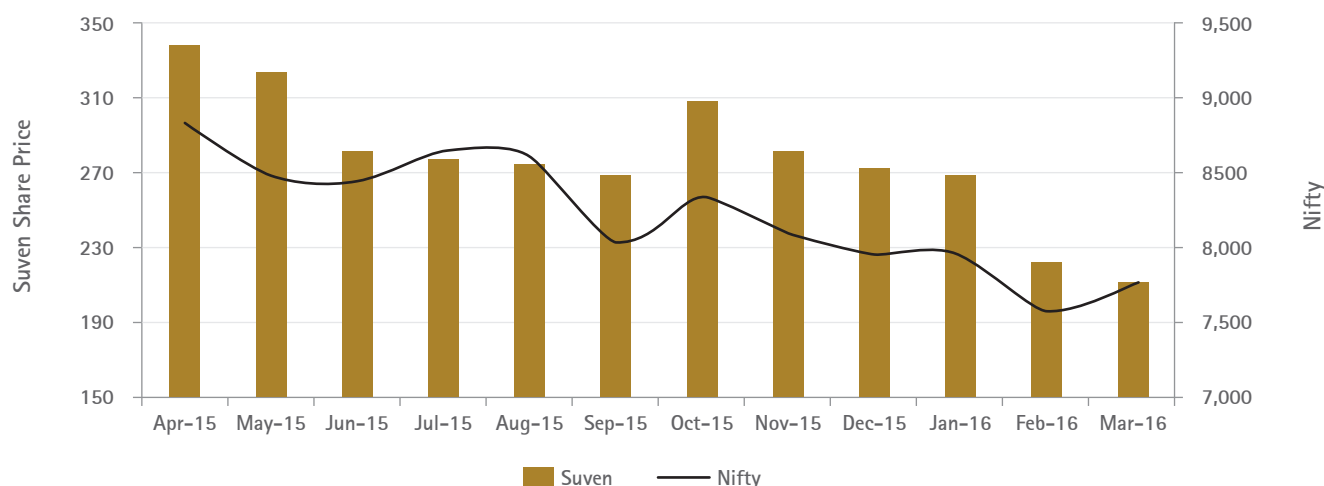
viii) Stock Price Performance in comparison with NSE- NIFTY

Month		NSE			NSE NIFTY	
		HIGH (₹)	LOW (₹)	Volume (No.)	HIGH	LOW
2015	April	338.50	265.15	24,789,370	8,844.80	8,144.75
	May	323.70	266.10	17,947,335	8,489.55	7,997.15
	June	281.95	222.10	12,588,341	8,467.15	7,940.30
	July	277.40	227.10	13,777,724	8,654.75	8,315.40
	August	274.80	201.10	11,314,607	8,621.55	7,667.25
	September	269.20	192.50	17,831,120	8,055.00	7,539.50
	October	308.70	267.25	19,889,974	8,336.30	7,930.65
	November	282.00	249.30	8,314,873	8,116.10	7,714.15
	December	274.90	228.70	10,287,309	7,979.30	7,551.05
2016	January	269.00	201.20	6,287,767	7,972.55	7,241.50
	February	223.90	144.30	9,439,015	7,600.45	6,825.80
	March	211.40	153.45	15,051,736	7,777.60	7,035.10

### Stock Price Performance in comparison with BSE SENSEX



### Stock Price Performance in comparison with NSE NIFTY



#### ix) Registrar and Transfer Agents : (RTA)

##### Karvy Computershare Private Limited

Unit: Suven Life Sciences Ltd

Karvy Selenium, Tower B, Plot 31-32, Gachibowli, Financial District,  
Nanakramguda, Hyderabad - 500 032

Ph: 91-40-6716 1565, Fax No 91-40 2300 1153

Email: einward.ris@karvy.com

#### x) Share Transfer System

Karvy Computershare Pvt. Ltd, (RTA) has been authorised to process all the valid transfer requisitions on a weekly basis and a memorandum of transfers, if any, will be submitted to the Company. The share certificates duly transferred will be dispatched to the transferees. For this purpose the Company has authorised the Company Secretary of the Company to monitor the Memorandum of Share Transfers (MOT) as and when reported by RTA and he will report to Share transfer Committee for its approval.

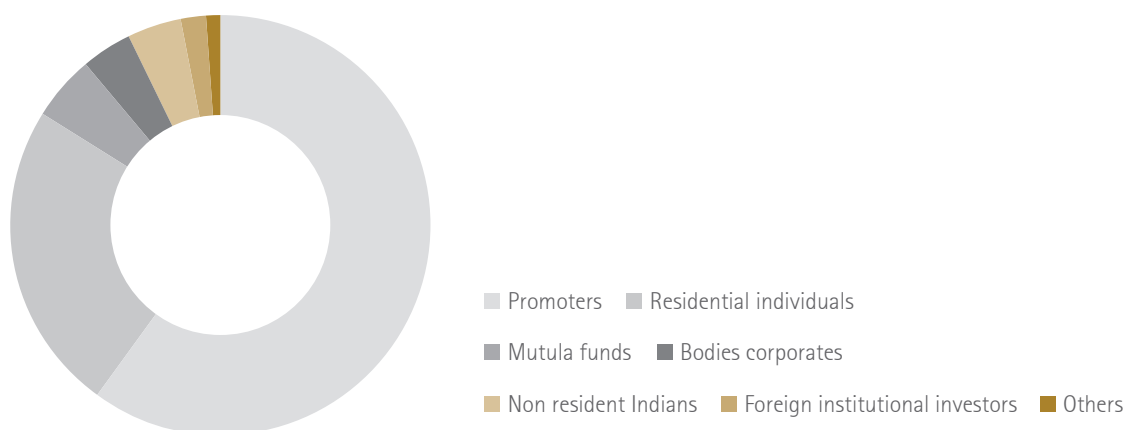
The Company has obtained and filed with the Stock Exchange(s), the half yearly certificates from Company secretary in practice for due Compliance with the share transfer formalities as required under regulation 40(9)&(10) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**xi) Distribution Shareholding Pattern as on 31st March 2016**

Category (Amount)	Shareholders		Share Amount	
	Number	% to total	Amount	% to total
1 – 5000	61645	98.44	19493992	15.32
5001 – 10000	534	0.85	4016604	3.16
10001 – 20000	219	0.35	3273261	2.57
20001 – 30000	78	0.12	1911323	1.50
30001 – 40000	38	0.06	1395205	1.10
40001 – 50000	28	0.04	1295196	1.02
50001 – 100000	47	0.08	3356570	2.64
100001 – and above	34	0.05	92540327	72.70
<b>TOTAL</b>	<b>62623</b>	<b>100.00</b>	<b>127282478</b>	<b>100.00</b>

**xii) Categories of shareholders as on 31st March 2016**

Sr. No.	Category	Cases	Holding	% to Equity
1	Promoters	6	76370000	60.00
2	Resident Individuals	58949	30666469	24.09
3	Mutual Funds	15	6248818	4.91
4	Non Resident Indians	1383	5434127	4.27
5	Corporate Bodies	840	4250239	3.34
6	Foreign Institutional Investors	38	2886831	2.27
7	Others	1392	1425994	1.12
	<b>TOTAL</b>	<b>62623</b>	<b>127282478</b>	<b>100.00%</b>





**xiii) Dematerialisation of shares and liquidity**

As on 31st March 2016, 99.11% of the paid up equity capital of the Company has been dematerialised and the trading of Equity shares in the Stock Exchanges is under compulsory dematerialisation.

Members are encouraged to opt for dematerialisation of shares to eliminate bad deliveries, forgery, fake transfers etc., in the market.

**xiv) Outstanding GDRs/ ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity**

The Company has not issued any GDRs/ ADRs/ Warrants or any Convertible instruments in the past and hence as on March 31, 2016, the Company does not have any outstanding GDRs/ ADRs/ Warrants or any convertible instruments.

**xv) Commodity price risk or foreign exchange risk and hedging activities**

Our Company is following the natural hedging only as our receipts are more than the payments and also some of the exports are covered under forward cover as such there are no foreign exchange risk.

**xvi) Plant Locations**

<b>Unit 1 –</b> Dasaigudem Village, Suryapet Mandal, Nalgonda Dist, Telangana –508213	<b>Research and Development Centre(s)</b>
<b>Unit 2 –</b> Plot No. 18, Phase III, IDA, Jeedimetla, Hyderabad Telangana –500 055	<b>Research Centre – I</b> Plot No.18, Phase III, IDA Jeedimetla, Hyderabad – 500 055 Telangana
<b>Unit 3 –</b> Plot No(s). 262 – 264 & 269 – 271, IDA, Pashamylaram, Medak Dist., Telangana – 502 307	<b>Research Centre – II</b> Bio-Pharmaceutical Lab Plot No(s). 267- 268, IDA Pashamylaram, Medak Dist. Telangana – 502 307
<b>Unit 4 –</b> Plot No(s). 65 – 67, JN Pharmacy, Parwada, Visakhapatnam, Andhra Pradesh – 531 019	<b>Research Centre – III</b> Formulation Development Centre Plot No(s). 265 to 268, IDA Pashamylaram, Medak Dist, Telangana – 502 307

**xvii) Address for Correspondence**

Regd. Office: 8-2-334, SDE Serene Chambers,  
6th Floor, Road No. 5, Avenue 7,  
Banjara Hills, Hyderabad – 500 034 Telangana  
CIN: L24110TG1989PLC009713  
Tel: +91 40-2354 3311 / 2354 1142, Fax: +91 40-2354 1152  
E-mail: info@suven.com, investorservices@suven.com  
Website: www.suven.com

**xviii) Unpaid / Unclaimed Dividend**

Pursuant to the provisions of Section 123 of the Companies Act, 2013, dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid dividend account, is required to be transferred by Company to the Investor Education and Protection Fund, established by the Central Government under the provisions of Section 125 of the Companies Act, 2013.

Shareholders of the Company who have either not received or have not en-cashed their dividend warrants, for the financial years 2008-09, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16 are requested to claim the unpaid/ unclaimed dividend from the Company before transfer to the fund.

**xix) Reconciliation of Share Capital Audit Report**

A qualified practicing Company Secretary carried out a quarterly share capital audit to reconcile the total admitted equity share capital with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. The audit report confirms that the total issued/ paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

## XII. Disclosures

### i) Related party transactions

All related party transactions with related parties during the financial year were done in accordance with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. No materially significant transactions with related parties were entered during the financial year which was in conflict with the interest of the Company. None of the Non-Executive Directors have any pecuniary material relationship or material transactions with the Company for the year ended March 31, 2016. The Board has approved a policy for related party transactions which has been uploaded on the Company's website at Web link <http://suven.com/Policy%20on%20Related%20Party%20Transactions.pdf>

### ii) Legal Compliance

There were no instances of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

### iii) Whistle Blower Policy

The Company has a Whistle Blower Policy to deal with instances of fraud and mismanagement, if any. The policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination will be meted out to any person for a genuinely raised concern. Pursuant thereto, anyone can approach directly Chairman of the Audit Committee or through Company Secretary to report any suspected or confirmed incident of fraud / misconduct it is affirmed that no personnel has been denied access to the audit committee and can be accessed at Web link [http://suven.com/WBP\\_SUVEN.pdf](http://suven.com/WBP_SUVEN.pdf)

### iv) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements

#### Mandatory requirements

The Company has complied with all the mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is being reviewed from time to time.

#### Non-mandatory requirements

##### 1. The Board:

Office for non-executive Chairman at Company's expense: Not Applicable

##### 2. Shareholder Rights:

Half-yearly declaration of financial performance to each household of shareholders: Not complied

##### 3. Audit qualifications:

Complied as there are not audit qualifications

##### 4. Separate posts of Chairman & CEO: Not Applicable

##### 5. Reporting of Internal Auditor:

The Internal auditors directly to Audit Committee: Complied

### v) web link policy for determining 'material' subsidiaries

The Board has approved a policy for determining 'material' subsidiaries which has been uploaded on the Company's website and it can be accessed at Web link:

[http://suven.com/POLICY\\_ON\\_DETERMINING\\_MATERIA%20EVENT\\_OR\\_INFORMATION.pdf](http://suven.com/POLICY_ON_DETERMINING_MATERIA%20EVENT_OR_INFORMATION.pdf)

### vi) disclosure of commodity price risks and commodity hedging activities :

The Company did not undertake any commodity hedging activities during the year hence there were no commodity price risks involved.

#### Non-compliance of any requirement of corporate governance report

Our company has complied with all requirements of corporate governance report for the year 2015-2016.

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 shall be made in the section on corporate governance of the annual report

Our Company has complied with all the provisions of the above said Regulations of SEBI for the year 2015-2016.

## Declaration Regarding Compliance by Board Members and Senior Management Personnel with the Company's Code of Conduct

To  
The Members of  
**Suven Life Sciences Limited**

As required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that the Company has adopted a Code of Conduct for all Board Members and Senior Management and the same has been placed on the Company's website. All Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct in respect of the financial year ended 31st March, 2016.

For **Suven Life Sciences Limited**

Place: Hyderabad  
Date: 27th May, 2016

**Venkateswarlu Jasti**  
*Chairman & CEO*  
DIN: 00278028

## Certificate of Compliance

To  
The Members of  
**M/s. Suven Life Sciences Limited**

We have examined the Compliance of conditions of Corporate Governance by M/s. SUVEN LIFE SCIENCES LIMITED ("the Company"), for the year ended on 31st March 2016, as stipulated in Clause 49 of the Listing Agreement ("Listing Agreement") of the Company with the Stock Exchanges for the period 1st April, 2015 to 30th November, 2015 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as referred to in Regulation 15(2) of the Listing Regulations for the period 1st December, 2015 to 31st March, 2016.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementations on 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 information and according to the explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement/Listing Regulations, as applicable.

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 **Karvy & Co.,**  
*Chartered Accountants*  
(Firm Registration No. 001757S)

Place: Hyderabad  
Date: 27th May, 2016

**Sanjeev Kumar Sreepathi**  
*Partner*  
Membership No. 209145



## INDEPENDENT AUDITOR'S REPORT

To  
The Members of  
**Suven Life Sciences Limited**

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **Suven Life Sciences Limited** ('the Company') which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### 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 Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of

the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

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

### Report on Other Legal and Regulatory Requirements

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

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

<p>e) On the basis of the written representations received from the directors as on 31st March, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016, from being appointed as a director in terms of Section 164(2) of the Act.</p> <p>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-B"; and</p> <p>g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;</p> <p>i. The Company has disclosed the impact of pending litigations on</p>	<p>its financial position in its financial statements- Refer Note 29 to the financial statements;</p> <p>ii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.</p> <p style="text-align: right;"><b>For KARVY &amp; CO.</b> Chartered Accountants ICAI Firm Registration No: 017575</p> <p style="text-align: right;"><b>(SANJEEV KUMAR SREEPATHI)</b> Partner</p> <p>Place: Hyderabad Date : 27th May, 2016</p> <p style="text-align: right;">Membership No. 209145</p>
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#### Annexure - A referred to in paragraph 1 of Report on Other Legal and Regulatory Requirements section of our report of even date

Re: Suven Life Sciences Limited ('the Company')

<p>i. In respect of its fixed assets:</p> <p>(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.</p> <p>(b) As explained to us, the management has physically verified a substantial portion of the fixed assets during the year and in our opinion frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies noticed on physical verification of fixed assets as compared to the books of account were not material and have been properly dealt with in the books of accounts.</p> <p>(c) In our opinion and according to the information and explanations given to us, all the title deeds of immovable properties are held in the name of the Company except 21.18 acres of freehold land acquired and taken possession and yet to be registered for Vishakhapatnam Plant amounting to ₹ 513.22 lakhs.</p> <p>ii. According to the information and explanations given to us, the inventories have been physically verified by the management during</p>	<p>the year. In our opinion, the frequency of verification is reasonable. The discrepancies noticed on physical verification of inventory as compared to the books of account were not material and have been properly dealt with in the books of accounts.</p> <p>iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a) to (c) of the Order are not applicable to the Company.</p> <p>iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.</p> <p>v. According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 73 and 76 or any other relevant provisions of the Act and the rules framed there under.</p> <p>vi. We have broadly reviewed the books of account and records</p>
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maintained by the Company pursuant to the Rules made by the Central Government of India for the maintenance of cost records prescribed under sub-section (1) of section 148 of the Act in respect of production and processing activities of the Company and are of the opinion that prima facie, the prescribed accounts and records have been maintained. We have however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. In respect of Statutory dues:

(a) The Company is regular in depositing with appropriate authorities, undisputed statutory dues including provident

fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, the dues outstanding of income-tax on account of dispute as follows:

Name of the Statute	Nature of the dues	Amount [₹ in lakhs]	Period to which the amount relates	Forum at which dispute is pending
Income Tax Act, 1961	Income Tax	7.64	A.Y 2011-12	Income Tax Appellate Tribunal -Hyderabad
Income Tax Act, 1961	Income Tax	20.94	A.Y 2012-13	Income Tax Appellate Tribunal -Hyderabad

viii. Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to banks, governments and financial institutions. The Company did not have any debentures outstanding as at the year end.

ix. Based on the information and explanations given to us by the management, the Company has raised moneys by way of QIP offer amounting to ₹ 200 crores in F.Y 2014-2015 of which ₹ 60.50 crores was utilised for the purposes it was raised and balance amounting to ₹ 139.50 crores yet to be utilised. No term loans were taken during the year by the Company.

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

xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For KARVY & CO.**

Chartered Accountants

ICAI Firm Registration No: 017575

**(SANJEEV KUMAR SREEPATHI)**

Partner

Place: Hyderabad

Date : 27th May, 2016

Membership No. 209145

## Annexure – B to the Our Report of even date on the Standalone Financial Statements of Suven Life Sciences Limited

### Report on the Internal Financial Controls 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 **Suven Life Sciences Limited** ("the Company") as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

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

#### Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the 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, 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 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For KARVY & CO.**

Chartered Accountants

ICAI Firm Registration No: 017575

**(SANJEEV KUMAR SREEPATHI)**

Partner

Place: Hyderabad

Date : 27th May, 2016

Membership No. 209145



**BALANCE SHEET** as at 31st March, 2016

(All amounts in lakhs in Indian Rupees, unless otherwise stated)

Particulars	Note No.	As at 31st March 2016	As at 31st March 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's Funds</b>			
Share capital	3	1,272.83	1,272.83
Reserves and surplus	4	61,091.58	54,658.58
<b>Non-Current Liabilities</b>			
Long-term borrowings	5	4,322.66	6,144.59
Long-term provision	6	239.49	227.48
Deferred Tax Liability(Net)	7	3,442.81	2,271.33
<b>Current Liabilities</b>			
Short Term borrowings	8	2,416.36	2,823.51
Trade payables	9	3,533.11	4,389.08
Other current liabilities	10	4,198.25	4,244.59
Short-term provisions	6	274.50	1,281.42
<b>Total</b>		<b>80,791.59</b>	<b>77,313.41</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
(i) Tangible assets	11	30,505.64	17,175.31
(ii) Intangible assets	11	29.71	19.61
(iii) Capital work-in-progress		719.72	10,701.33
Non-current investments	12	2,298.10	-
Long term loans and advances	13	409.49	1,088.74
Other non-current assets	18	160.53	630.54
<b>Current assets</b>			
Current investments	14	3.64	3.64
Inventories	15	8,346.44	8,180.55
Trade receivables	16	5,356.49	4,016.92
Cash and bank balances	17	24,063.79	27,968.90
Short-term loans and advances	13	8,865.80	7,459.79
Other current assets	18	32.24	68.08
<b>Total</b>		<b>80,791.59</b>	<b>77,313.41</b>
Significant Accounting Policies	1-2		

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date

for **KARVY & CO.**

Chartered Accountants

Firm registration number: 001757S

for and on behalf of the Board of Directors of

**SUVEN LIFE SCIENCES LIMITED****SANJEEV KUMAR SREEPATHI**

Partner

Membership No. 209145

**VENKATESWARLU JASTI**

Chairman &amp; CEO

DIN: 00278028

**P. SUBBA RAO**

Chief Financial Officer

Membership No. A11342

**K. HANUMANTHA RAO**

Company Secretary

Membership No. A11599

Place: Hyderabad

Date: 27th May, 2016

**STATEMENT OF PROFIT AND LOSS** for the year ended 31st March, 2016

(All amounts in lakhs in Indian Rupees, unless otherwise stated)

Particulars	Note No.	For the year ended 31st March 2016	For the year ended 31st March 2015
<b>INCOME</b>			
Revenue from operations (Gross)	19	50,028.19	52,159.63
Less : Excise Duty	19	(75.95)	(74.13)
<b>Revenue from operations (Net)</b>		<b>49,952.24</b>	<b>52,085.50</b>
<b>Other Income</b>	20	1,935.02	858.12
<b>Total</b>		<b>51,887.26</b>	<b>52,943.62</b>
<b>EXPENSES:</b>			
Cost of materials consumed	21	17,845.37	17,724.78
(Increase)/ decrease in inventories of work-in-progress and finished goods	22	(1,205.21)	347.95
Manufacturing expenses	23	7,446.06	6,444.21
Employee benefit expense	24	4,163.59	3,651.17
Research & Development Expenses	25	6,295.08	5,596.26
Finance costs	26	541.70	470.92
Depreciation and amortisation expense	11	1,672.04	1,177.57
Other expenses	27	3,081.90	2,375.29
<b>Total</b>		<b>39,840.53</b>	<b>37,788.15</b>
<b>Profit/(Loss) before tax</b>		<b>12,046.73</b>	<b>15,155.47</b>
<b>Tax expense:</b>			
(1) Current tax		2,577.07	3,090.18
(2) Previous year tax		2.99	180.03
(3) Deferred tax		1,171.47	(240.08)
(4) MAT Credit (Entitlement)/ Reversal		(1,201.78)	1,250.31
<b>Total Tax Expenditure</b>		<b>2,549.75</b>	<b>4,280.44</b>
<b>Profit/(Loss) for the year</b>		<b>9,496.98</b>	<b>10,875.03</b>
<b>Earnings per Share</b>			
Basic & Diluted	28	7.46	9.04
Significant Accounting Policies	1-2		

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date  
for **KARVY & CO.**  
Chartered Accountants  
Firm registration number: 001757S

for and on behalf of the Board of Directors of  
**SUVEN LIFE SCIENCES LIMITED**

**SANJEEV KUMAR SREEPATHI**  
Partner  
Membership No. 209145

**VENKATESWARLU JASTI**  
Chairman & CEO  
DIN: 00278028

Place: Hyderabad  
Date: 27th May, 2016

**P. SUBBA RAO**  
Chief Financial Officer  
Membership No. A11342

**K. HANUMANTHA RAO**  
Company Secretary  
Membership No. A11599

**CASH FLOW STATEMENT** for the year ended 31st March, 2016

(All amounts in lakhs in Indian Rupees, unless otherwise stated)

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	12,046.73	15,155.47
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation	2,395.29	2,421.20
Interest Income	(247.91)	(233.85)
Interest on Finance Cost	541.70	470.92
Dividend Income	(50.34)	(569.87)
Gain on sale of Investment	(1,617.81)	(7.83)
Loss due to asset discarded	32.15	
Profit on Sale of Assets	-	(4.12)
<b>Operating profit before working capital changes</b>	<b>13,099.81</b>	<b>17,231.92</b>
<b>Movements in working capital:</b>		
(Increase)/ Decrease in Long term Loans and Advances	679.25	174.98
(Increase)/ Decrease in Inventories	(165.89)	(317.69)
(Increase)/ Decrease in Trade Receivables	(1,339.57)	2,530.11
(Increase)/ Decrease in Short Loans & Advances	(1,406.01)	(655.60)
(Increase)/ Decrease in other current assets	1,758.89	(1,405.90)
(Increase)/ Decrease in Trade Payables	(855.97)	299.03
(Increase)/ Decrease in other current liabilities	(46.35)	(507.25)
(Increase)/ Decrease in short term provisions	142.78	658.51
(Increase)/ Decrease in long term provisions	12.01	48.13
<b>Cash generated from operations</b>	<b>11,878.95</b>	<b>18,056.25</b>
Direct taxes paid (net of refunds)	(2,659.05)	(3,765.74)
<b>Net cash flow from operating activities (A)</b>	<b>9,219.90</b>	<b>14,290.51</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale/(Purchase) of Investments	(2,298.10)	0.15
Purchase of Fixed Assets	(5,786.26)	(11,829.35)
Sale of Fixed Assets	-	4.12
Gain on sale of Investment	1,617.81	7.83
Interest Received	275.65	209.62
Changes in bank balances not considered as cash equivalents	(52.31)	(6.91)
Dividend Received	50.34	569.87
<b>Net cash flow used in investing activities (B)</b>	<b>(6,192.87)</b>	<b>(11,044.67)</b>

**CASH FLOW STATEMENT** for the year ended 31st March, 2016

(All amounts in lakhs in Indian Rupees, unless otherwise stated)

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long-term borrowings	(2,029.72)	1,826.23
Repayment of short-term borrowings (net)	(407.15)	(31.85)
Interest Paid on borrowings	(564.44)	(463.94)
Issue of capital with Premium	-	20,000.00
Dividend Payouts (including Dividend Tax)	(3,983.14)	(3,417.12)
<b>Net cash flow used in financing activities (C)</b>	<b>(6,984.45)</b>	<b>17,913.31</b>
Net (decrease)/increase in cash and cash equivalents (A+B+C)	(3,957.42)	21,159.15
Cash and cash equivalents at the beginning of the year	27,936.19	6,777.04
<b>Cash and cash equivalents at the end of the year</b>	<b>23,978.77</b>	<b>27,936.19</b>
Components of cash and cash equivalents		
Cash on hand	10.91	10.79
Balances with Banks	23,967.86	27,925.40
<b>Total cash and cash equivalents (refer note 17)</b>	<b>23,978.77</b>	<b>27,936.19</b>
Summary of significant accounting policies	1-2	

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date  
for **KARVY & CO.**  
Chartered Accountants  
Firm registration number: 001757S

for and on behalf of the Board of Directors of  
**SUVEN LIFE SCIENCES LIMITED**

**SANJEEV KUMAR SREEPATHI**  
Partner  
Membership No. 209145

**VENKATESWARLU JASTI**  
Chairman & CEO  
DIN: 00278028

Place: Hyderabad  
Date: 27th May, 2016

**P. SUBBA RAO**  
Chief Financial Officer  
Membership No. A11342

**K. HANUMANTHA RAO**  
Company Secretary  
Membership No. A11599

## NOTES TO THE FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION

Suven Life Sciences Limited (Suven) is a bio-pharmaceutical company, began operations in 1989 as specialty chemicals provider about 27 years ago and went on to create a NCE based CRAMS (Contract Research And Manufacturing Services) business model in 1995, providing building blocks (bulk actives, drug intermediates and specialty chemicals) for global life science companies. Suven has made in-roads into drug discovery in the year 2005 with a specialisation on CNS (Central Nervous System) based programs targeting unmet medical need and 4 of the molecules in pipeline are into clinical phase of development. The Company is targeting CNS indications where there is a high unmet medical need, patient populations are identifiable, clinical endpoints can be well-defined and with possible commercialisation options.

Suven, Inc., a Delaware Company, is a WOS (wholly owned subsidiary) of Suven, is a clinical-stage biopharmaceutical company commenced activities in October 2015, focused on the acquisition, development and commercialisation of novel therapeutics for the treatment of neurodegenerative disorders. The near-term focus for Suven, Inc., is to develop Suven product candidate, which we refer to as SUVN-502, for the treatment of Alzheimer's disease and other forms of dementia.

### 2. BASIS OF PREPARATION

#### 2.1 Basis of Accounting

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014.

#### 2.2 Use of Estimates

The presentation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported value of assets and liabilities on the date of the financial statements and the reported amount of revenue and expenditure for the year. The difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

#### 2.3 Revenue Recognition

- i. Revenue from sale of goods is recognised when significant risks and rewards in respect of ownership of products are transferred to customers.
- ii. Revenue from Contract Technical Services, Clinical Trials Services, Process Development Services and Formulation Development Charges are recognised on completion of the milestone work.
- iii. Income from Investments
  - (a) The Company recognises Interest on investments on accrual basis.
  - (b) Dividend income on investments is accounted for when the right to receive the payment is established.

#### 2.4 Fixed Assets

##### i. Tangible assets

Fixed assets are stated at cost and as reduced by accumulated depreciation and accumulated impairment losses. The cost comprises purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Exchange difference arising on Long Term Foreign currency monetary items relating to acquisition of fixed assets are adjusted to the carrying cost of such assets.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

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

##### ii. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortised on a straight line basis over the estimated useful economic life. The Company uses a rebuttable presumption

## NOTES TO THE FINANCIAL STATEMENTS

that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use.

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.

### 2.5 Depreciation

Depreciation on fixed assets is provided on straight-line basis at the rates arrived at based on the useful lives prescribed in Schedule II of the Companies Act, 2013. The Company follows the policy of charging depreciation on pro-rata basis on the assets acquired or disposed off during the year.

### 2.6 Investments

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Non-current investments are stated at cost and provision for diminution is made if the decline in value is other than temporary in nature.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of Profit & Loss.

### 2.7 Inventories

- i. Stock of raw materials, Stores, spares and fuel are stated at cost and are valued on FIFO basis.
- ii. Work in process is stated at cost.
- iii. Finished Goods are valued at the lower of the Cost or net realisable value.

### 2.8 Research & Development expenses

- i. Revenue expenditure on research and development activities is expensed as and when incurred.
- ii. The expenditure on capital assets having alternative use either in R&D activity or otherwise are capitalised and amortised at the rate specified in Schedule II of the Companies Act 2013.
- iii. Depreciation on R&D assets is included in R&D expenses.

### 2.9 Foreign Currency Transactions

- i. Transactions denominated in foreign currency are normally recorded at the exchange rate prevailing at the time of the transaction.
- ii. Any income or expense on account of exchange difference either on settlement or on translation is recognised in the profit and loss account, except exchange difference arising on Long Term Foreign currency monetary items relating to acquisition of fixed assets which are adjusted to the carrying cost of such assets.
- iii. In case of Monetary items which are covered by forward exchange contracts, premium or discount on forward exchange contracts are amortised and recognised in the profits and loss account over the period of the contract. Forward Exchange Contracts outstanding at the balance sheet date, are stated at fair value and any gains or losses are recognised in the profit and loss account.
- iv. Financial Derivative Contracts:  
The realised gain/loss in respect of settled contracts are recognised in the Profit and loss account.

### 2.10 Retirement benefits to employees

The Company has Defined Contribution Plan for its employees' retirement benefits comprising of Provident Fund and Employees Pension Scheme, 1995. The Company contributes to State Plans namely Employees' State Insurance Scheme.

The Company has Defined Benefit Plan comprising of Gratuity Fund and Leave Encashment. The Company contributes to Gratuity Fund administered by LIC. The liability for the Gratuity Fund and Leave Encashment are determined on the basis of an independent actuarial valuation done at the year end. Actuarial Gains and Losses comprise experience adjustments and the effect of changes in the actuarial assumptions and are recognised immediately in the Profit and Loss Account as income or expense.

### 2.11 Borrowing Cost

Borrowing cost includes interest and amortisation of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing Costs that are directly attributable to the acquisition of a fixed asset are capitalised as part of the cost of the asset till the date the asset is ready for commercial use. All other borrowing costs are charged to revenue.

## NOTES TO THE FINANCIAL STATEMENTS

(All amounts in lakhs in Indian Rupees, unless otherwise stated)

### 2.12 Income Taxes

The current charge for taxes is calculated in accordance with relevant tax regulations applicable to the Company.

The deferred tax for the timing differences between the book and tax profits for the year end is accounted for, using the tax rates and laws that have been substantially enacted as of the balance sheet date.

Deferred tax assets arising from timing differences are recognised and carried forward only if there is reasonable certainty that they will be realised in future and reviewed for the appropriateness of their respective carrying value at each balance sheet date.

### 2.13 Earnings per share

The basic earnings per share (EPS) is computed by dividing the net profit after tax for the year by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit after tax for the year and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date.

### 2.14 Impairment of Assets

If the carrying amount of fixed assets exceeds the recoverable amount on the reporting date, the carrying amount is reduced to the recoverable amount. The recoverable amount is measured as the higher of the net selling price and the value in use determined by the present value of estimated future cash flows.

### 2.15 Provisions

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

### 2.16 Segmental information – Basis of preparation

#### i. Segment Revenue and Expenses

Revenues and expenses are allocated on a reasonable basis to segments being common manufacturing facilities and sales force.

#### ii. Segment Assets and Liabilities

Segment assets and liabilities which can be identified to a segment are allocated to the respective segment. The fixed assets and net current assets are not identifiable for particular segment except R & D segment, because these assets can be used interchangeable among the segments. Hence the management feels that the assets cannot be segregated to particular segment and to disclose these under unallocated assets.

### 2.17 Employee Stock Option Schemes

In accordance with the Securities and Exchange Board of India guidelines, the excess of the market price of shares, at the date of grant of options under the Employee stock option schemes, over the exercise price is treated as employee compensation and amortised on a straight-line basis over the vesting period.

### 2.18 Cash and Cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

## NOTES TO THE FINANCIAL STATEMENTS

(All amounts in lakhs in Indian Rupees, unless otherwise stated)

### 3 SHARE CAPITAL:

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>Authorised Shares (Nos)</b>		
400,000,000 Equity shares of ₹1 /- each (400,000,000 Equity shares of ₹1 /- each)	4,000.00	4,000.00
	<b>4,000.00</b>	<b>4,000.00</b>
<b>Issued, Subscribed and fully paid up (Nos)</b>		
127,282,478 Equity shares of ₹1 /- each (127,282,478 Equity shares of ₹1 /- each)	1,272.83	1,272.83
	<b>1,272.83</b>	<b>1,272.83</b>

#### 3.1 Reconciliation of the shares outstanding at the beginning and at the end of the year

Particulars	As at 31st March, 2016		As at 31st March, 2015	
	Number	Amount	Number	Amount
<b>Equity shares</b>				
At the beginning of the year	127,282,478	1,272.83	116,828,788	1,168.29
Add: Issued during the year on account of QIP	-	-	10,453,690	104.54
Outstanding at the end of the year	127,282,478	1,272.83	127,282,478	1,272.83

#### 3.2 Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹1/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees.

The Board of Directors has declared and paid an interim dividend of ₹1/- per equity share and a onetime special dividend of ₹1/- per equity share. The total amount of per share dividend recognised as distributions to equity shareholders was ₹2.00 (31st March, 2015: ₹0.60/-).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### 3.3 Shares held by holding company

Out of equity shares issued by the Company, shares held by its holding company are as below:

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>M/s. Jasti Property and Equity Holdings Private Limited</b>		
76,365,000 Equity shares of ₹ 1/- each (Previous year:75,652,576)	76,365,000	75,652,576

#### 3.4 Details of shareholders holding more than 5% shares in the Company

Name of shareholder	As at 31st March, 2016		As at 31st March, 2015	
	Number	% of Holding	Number	% of Holding
<b>Equity shares of ₹1/- each fully paid up</b>				
M/s. Jasti Property and Equity Holdings Private Limited	76,365,000	60.00%	75,652,576	59.44%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

#### 3.5 Shares reserved for issue under Options

Details of shares reserved for issue under the employee stock option plan of the Company

	As at 31st March, 2016		As at 31st March, 2015	
	Number	Amount	Number	Amount
Equity shares of ₹ 1/- each fully paid up	650,000	6.50	700,000	7.00



## NOTES TO THE FINANCIAL STATEMENTS

(All amounts in lakhs in Indian Rupees, unless otherwise stated)

### 3 SHARE CAPITAL: (contd.)

#### Terms and Conditions of Options Granted

Each option entitles the holder thereof to apply for and be allotted one equity share of the Company of ₹ 1.00 each upon payment of the exercise price during the exercise period. The exercise period commences from the date of vesting of the Options and expires at the end of three years from the date of vesting in respect of Options granted under the Suven Employee Stock Option Scheme -2004

#### The vesting period for conversion of Options is as follows:

On completion of 24 months from the date of grant of the Options: 25% vests

On completion of 36 months from the date of grant of the Options: 35% vests

On completion of 48 months from the date of grant of the Options: 40% vests

The Options have been granted at the 'market price' as defined from time to time under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

### 4 RESERVE AND SURPLUS

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>General Reserve</b>		
Balance as per the last financial statements	6,736.61	5,636.61
Add : Amount transferred from surplus balance in the Statement of Profit and Loss	1,100.00	1,100.00
<b>Closing balance</b>	<b>7,836.61</b>	<b>6,736.61</b>
<b>Securities Premium Account</b>		
Balance as per the last financial statements	23,917.54	4,022.08
Add : Received on further issue of shares	-	19,895.46
<b>Closing balance</b>	<b>23,917.54</b>	<b>23,917.54</b>
<b>Surplus in the statement of profit and loss</b>		
Balance as per the last financial statements	24,004.42	15,617.65
Add: Profit for the year	9,496.98	10,875.03
Less: Adjustment of depreciation reserve as per Schedule II of Companies Act 2013	-	469.06
Less: Appropriations		
Transfer to General Reserve	1,100.00	1,100.00
Interim Dividend	2,545.65	-
Proposed dividend	-	763.70
Earlier year's dividend	0.00	0.02
Tax on Interim Dividend	518.32	-
Income tax on Proposed dividend		
Current Year	-	155.47
Earlier year's provision	0.00	0.01
<b>Closing balance</b>	<b>29,337.43</b>	<b>24,004.42</b>
<b>TOTAL</b>	<b>61,091.58</b>	<b>54,658.58</b>

## NOTES TO THE FINANCIAL STATEMENTS

(All amounts in lakhs in Indian Rupees, unless otherwise stated)

### 5 LONG TERM BORROWINGS

Particulars	Non-Current		Current	
	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2016	As at 31st March, 2015
<b>Term Loans</b>				
<b>Foreign currency loans from Banks (Secured)</b>				
Term Loan From State Bank of India (Vizag Plant)	3,303.77	4,101.26	584.60	202.87
Corporate Loan From Bank of India	-	-	-	647.57
Corporate Loan From Bank of Bahrain & Kuwait	498.23	1,407.60	996.45	938.40
<b>Total (A)</b>	<b>3,802.00</b>	<b>5,508.86</b>	<b>1,581.05</b>	<b>1,788.84</b>
<b>Indian currency loans from others (Unsecured)</b>				
Loan from Department of Science & Technology, Government of India	520.66	635.73	94.40	94.40
<b>Total (B)</b>	<b>520.66</b>	<b>635.73</b>	<b>94.40</b>	<b>94.40</b>
<b>Total (A + B)</b>	<b>4,322.66</b>	<b>6,144.59</b>	<b>1,675.45</b>	<b>1,883.24</b>
<b>Nature of Security</b>	<b>Terms of repayment</b>			
<b>Term Loan From State Bank of India (Vizag Plant)</b>				
Secured by first and pari-passu charge on Land, Buildings, Plant & Machinery and Second charge on stocks, receivables and other current assets	The term loan is repayable in 20 quarterly installments after roll over commencing from March'2016. Rate of Interest LIBOR + 4%			
<b>Corporate Loan From Bank of India</b>				
Secured by first and pari-passu charge on Land, Buildings, Plant & Machinery and Second charge on stocks, receivables and other current assets	The term loan is fully paid and closed by 31st March 2016.			
<b>Corporate Loan From Bank of Bahrain &amp; Kuwait</b>				
Secured by first and pari-passu charge on Land, Buildings, Plant & Machinery and Second charge on stocks, receivables and other current assets	The term loan is repayable in 16 quarterly installments of USD 0.375 Million. Commencing from December 2013. Rate of Interest LIBOR + 3.50%			
<b>Loan from Department of Science &amp; Technology - I</b>				
	The loan is repayable in 10 Annual installments of ₹50 Lakhs each commencing from October 2013. Rate of Interest 3.00%			
<b>Loan from Department of Science &amp; Technology - II</b>				
	The loan is repayable in 10 Annual installments of ₹44.40 Lakhs each commencing from February 2013. Rate of Interest 3.00%			

### 6 PROVISIONS

Particulars	Long-Term		Short-Term	
	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2016	As at 31st March, 2015
<b>Provision for Employee Benefits</b>				
Gratuity	79.47	64.43	195.25	213.73
Leave Encashment	160.02	163.05	79.25	148.52
	<b>239.49</b>	<b>227.48</b>	<b>274.50</b>	<b>362.25</b>
<b>Other provisions</b>				
Taxation	-	-	-	-
Dividend	-	-	-	763.70
Corporate Dividend Tax	-	-	-	155.47
	<b>-</b>	<b>-</b>	<b>-</b>	<b>919.17</b>
	<b>239.49</b>	<b>227.48</b>	<b>274.50</b>	<b>1,281.42</b>

## NOTES TO THE FINANCIAL STATEMENTS

(All amounts in lakhs in Indian Rupees, unless otherwise stated)

## 7 DEFERRED TAX LIABILITY

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>Deferred Tax Liability</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortisation charged for the financial reporting	3,882.62	2,545.58
	<b>3,882.62</b>	<b>2,545.58</b>
Deferred Tax Asset		
Unabsorbed Losses	136.13	136.13
QIP Expenditure	125.80	
Provision for Gratuity & Leave Encashment	177.88	138.12
	<b>439.81</b>	<b>274.25</b>
<b>Net deferred tax liability/ asset</b>	<b>3,442.81</b>	<b>2,271.33</b>

## 8 SHORT TERM BORROWINGS

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>Loans repayable on demand</b>		
<b>From Banks (Secured)</b>		
Working Capital Loans from State Bank of India	1,825.71	2,327.20
Working Capital Loans from Bank of Bahrain & Kuwait	590.65	496.31
	<b>2,416.36</b>	<b>2,823.51</b>

8.1 ₹ 2,416.36 lakhs (Previous year: ₹ 2,823.51 lakhs) are secured by pari-passu first charge on inventories, receivables and other current assets of the Company and pari-passu second charge on movable and immovable fixed assets of the Company and equitable mortgage of the properties belonging to the Company, both present and future.

## 9 TRADE PAYABLES

Particulars	As at 31st March, 2016	As at 31st March, 2015
Trade payables (Refer note 32 for details of dues to micro and small enterprises)	3,533.11	4,389.08
	<b>3,533.11</b>	<b>4,389.08</b>

## 10 OTHER CURRENT LIABILITIES

Particulars	As at 31st March, 2016	As at 31st March, 2015
Current maturities of long-term borrowings (Refer Note 5)	1,675.45	1,883.24
Interest accrued but not due	19.29	42.03
Unclaimed dividend	84.99	32.66
Other payables		
Liabilities for Expenses	1,852.57	1,256.38
Liabilities for statutory dues	118.37	102.90
Liabilities for Capital Works	447.58	927.38
	<b>4,198.25</b>	<b>4,244.59</b>

## NOTES TO THE FINANCIAL STATEMENTS

(All amounts in lakhs in Indian Rupees, unless otherwise stated)

### 11 FIXED ASSETS

Particulars	Land – Free Hold	Buildings – Office at Factory	Buildings – Factory	Roads – RCC (Carpeted)	Plant & Equipment	Furniture & Fixtures	Vehicles	Office Equipments	Laboratory Equipments	ETP Works	Misc Fixed Assets	EDP Equipments	Total	R&D Equipments	Total Tangible Assets	Software	Total Intangible Assets	Grand Total
<b>Cost or valuation</b>																		
As at 31st March, 2014	523.05	44.78	4,317.55	-	13,034.05	445.39	180.59	103.00	1,465.02	406.66	4.62	498.00	21,022.69	5,717.80	26,740.49	-	-	26,740.49
Additions	13.33	-	426.89	-	1,116.42	10.11	45.27	8.07	107.21	201.22	-	34.12	1,962.65	297.64	2,260.28	20.34	20.34	2,280.62
Disposals				-	15.58	-	19.99	-	-	-	4.62	58.68	98.87	-	98.87	-	-	98.87
Other Adjustments																		
-Exchange differences	-	-	-	-	129.41	-	-	-	-	-	-	-	129.41	-	129.41	-	-	129.41
As at 31st March, 2015	536.38	44.78	4,744.44	-	14,264.30	455.50	205.86	111.07	1,572.23	607.87	-	473.44	23,015.88	6,015.43	29,031.31	20.34	20.34	29,051.65
Additions	532.59	-	4,626.77	753.44	7,869.69	170.42	-	97.65	379.22	42.05	-	76.26	14,548.09	800.76	15,348.85	12.78	12.78	15,361.63
Disposals	-	-	-	-	397.19	-	-	-	29.89	-	-	-	427.08	20.50	447.58	-	-	447.58
Other Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-Exchange differences	-	-	-	-	406.24	-	-	-	-	-	-	-	406.24	-	406.24	-	-	406.24
As at 31st March, 2016	1,068.98	44.78	9,371.21	753.44	22,143.04	625.92	205.86	208.72	1,921.56	649.92	-	549.70	37,543.13	6,795.69	44,338.82	33.12	33.12	44,371.94
<b>Depreciation</b>																		
Upto 31st March, 2014	-	12.83	828.11	-	4,623.12	221.02	92.69	52.26	319.54	121.43	4.48	476.99	6,752.47	2,064.63	8,817.10	-	-	8,817.10
Charge for the year	-	0.75	139.85	-	623.50	48.48	23.96	5.57	200.15	35.43	-	99.13	1,176.84	1,243.63	2,420.47	0.73	0.73	2,421.20
Disposals	-	-	-	-	15.58	-	19.99	-	-	-	4.62	58.68	98.87	-	98.87	-	-	98.87
Other Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-Adjustment as per Schedule II	-	-	-	-	-20.17	14.02	-0.14	45.15	29.19	17.47	0.14	-70.46	15.21	702.10	717.31	-	-	717.31
Upto 31st March, 2015	-	13.59	967.96	-	5,210.87	283.52	96.53	102.98	548.88	174.34	-	446.97	7,845.65	4,010.36	11,856.00	0.73	0.73	11,856.74
Charge for the year	-	0.75	262.69	56.77	958.09	58.67	18.59	18.43	195.60	63.82	-	35.95	1,669.36	723.25	2,392.61	2.68	2.68	2,395.29
Disposals	-	-	-	-	365.64	-	-	-	29.66	-	-	-	395.30	20.13	415.43	-	-	415.43
Other Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-Adjustment as per Schedule II	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Upto 31st March, 2016	-	14.34	1,230.65	56.77	5,803.31	342.18	115.12	121.41	714.82	238.17	-	482.92	9,119.70	4,713.48	13,833.18	3.41	3.41	13,836.59
<b>Net Block</b>																		
As at 31st March, 2015	536.38	31.20	3,776.48	-	9,053.43	171.99	109.33	8.09	1,023.35	433.53	-	26.47	15,170.23	2,005.08	17,175.31	19.61	19.61	17,194.92
As at 31st March, 2016	1,068.98	30.44	8,140.56	696.68	16,339.73	283.74	90.74	87.31	1,206.73	411.75	-	66.78	28,423.43	2,082.21	30,505.64	29.71	29.71	30,535.35

**Note 1:** Depreciation on R & D Equipment of ₹ 723.25 Lakhs has been added to R & D Expenses (Previous Year: ₹1243.63 Lakhs)

**Note 2:** Pursuant to the enactment of Companies Act 2013, the Company has applied the estimated useful lives as specified in Schedule II, except in respect of certain assets as disclosed in Accounting Policy on Depreciation, Amortisation and Depletion. Accordingly the unamortised carrying value is being depreciated / amortised over the revised/ remaining useful lives. The written down value of Fixed Assets whose lives have expired as at 1st April 2014 have been adjusted net of tax, in the opening balance of Profit and Loss Account amounting to ₹ 469.06 Lakhs

## NOTES TO THE FINANCIAL STATEMENTS

(All amounts in lakhs in Indian Rupees, unless otherwise stated)

## 12 NON-CURRENT INVESTMENTS

Particulars	As at 31st March, 2016	As at 31st March, 2015
Non-trade investments (valued at cost unless stated otherwise)		
Investment in SUVEN INC ( Share Application Money) – USD 3,430,000	2,298.10	-
	<b>2,298.10</b>	<b>-</b>
Aggregate amount of quoted investments		
Book value	-	-
Market value	-	-
Aggregate amount of unquoted investments		
Book value	2,298.10	-

## 13 LOANS AND ADVANCES

Particulars	Long-Term		Short-Term	
	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2016	As at 31st March, 2015
(Unsecured, considered good)				
Capital Advances	86.07	843.39		
Security Deposits	321.50	243.31		
Other Advances	1.92	2.04	2.55	
Advances for purchases			112.48	11.89
Advances for expenses			330.78	269.06
Other loans and advances				
Prepaid expenses			300.77	212.81
VAT Credit receivable			895.56	872.98
Cenvat Credit receivable			2,405.00	2,579.33
Service Tax Credit receivable			401.35	388.48
MAT Credit Entitlement			3,940.82	2,739.04
With Holding Tax			11.40	-
Advance income-tax (net of provision for tax)			434.63	355.63
Others			30.46	30.57
	<b>409.49</b>	<b>1,088.74</b>	<b>8,865.80</b>	<b>7,459.79</b>

## 14 CURRENT INVESTMENTS

Particulars	As at 31st March, 2016	As at 31st March, 2015
Current investments (valued at lower of cost and fair value, unless stated otherwise)		
Quoted mutual funds		
SBI Infrastructure Fund	3.64	3.64
50,000 (31 March, 2015: 50,000) units of ₹10/- each		
	<b>3.64</b>	<b>3.64</b>
Aggregate amount of quoted investments		
Book value	3.64	3.64
Market value	5.31	5.89

## NOTES TO THE FINANCIAL STATEMENTS

(All amounts in lakhs in Indian Rupees, unless otherwise stated)

### 15 INVENTORIES

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>(valued at lower of cost and net realisable value)</b>		
Raw Materials	1,906.17	2,996.25
Packing Materials	167.00	224.95
Work-in- Process	2,284.76	1,857.20
Finished Goods (Including Stock-in-Transit 31 March, 2015: ₹ 677.53 lakhs)	3,427.25	2,649.60
Stores and Spares	561.26	452.55
	<b>8,346.44</b>	<b>8,180.55</b>

### 16 TRADE RECEIVABLES

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>(Unsecured, Considered Good)</b>		
- Outstanding for a period exceeding six months from the date they are due for payment	4.84	7.05
- Others	5,351.65	4,009.87
	<b>5,356.49</b>	<b>4,016.92</b>

### 17 CASH AND BANK BALANCES

Particulars	Non-Current		Current	
	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2016	As at 31st March, 2015
<b>Cash and Cash equivalents</b>				
Balances with banks				
On current accounts	-	-	967.86	406.21
Deposits with original maturity of less than three months	-	-	23,000.00	27,519.19
Cash on hand	-	-	10.91	10.79
	<b>-</b>	<b>-</b>	<b>23,978.77</b>	<b>27,936.19</b>
<b>Other bank balances</b>				
Earmarked balances with banks	-	-	85.02	32.72
Margin money deposit	160.53	145.86	-	-
	<b>160.53</b>	<b>145.86</b>	<b>85.02</b>	<b>32.72</b>
Amount disclosed under other assets (Refer note 18)	(160.53)	(145.86)	-	-
	<b>-</b>	<b>-</b>	<b>85.02</b>	<b>32.72</b>
	<b>-</b>	<b>-</b>	<b>24,063.79</b>	<b>27,968.90</b>

### 18 OTHER ASSETS

Particulars	Non-Current		Current	
	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2016	As at 31st March, 2015
Unamortised QIP Expenditure	-	484.68		
Non-current bank balances (Refer note 17)	160.53	145.86		
Interest accrued			32.24	59.98
MTM Gain			-	8.10
	<b>160.53</b>	<b>630.54</b>	<b>32.24</b>	<b>68.08</b>

## NOTES TO THE FINANCIAL STATEMENTS

(All amounts in lakhs in Indian Rupees, unless otherwise stated)

## 19 REVENUE FROM OPERATIONS

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Sale of Products	46,786.81	50,090.15
Less: Excise Duty	(75.95)	(74.13)
	46,710.86	50,016.02
Sale of Services	3,241.38	2,069.48
	<b>49,952.24</b>	<b>52,085.50</b>
<b>Particulars</b>	<b>For the year ended 31st March, 2016</b>	<b>For the year ended 31st March, 2015</b>
<b>Sale of Products</b>		
(a) Bulk drugs	1,706.12	1,837.39
(b) Intermediates	43,153.06	45,420.48
(c) Recoveries	23.75	15.50
(d) Job works	1,827.93	2,742.65
	<b>46,710.86</b>	<b>50,016.02</b>
<b>Sale of Services</b>		
(a) Contract technical services	885.18	128.77
(b) Clinical trial services	-	5.83
(c) Process development charges	212.13	187.07
(d) Formulation development charges	783.72	746.28
(e) Royalty services	1,360.35	1,001.52
	<b>3,241.38</b>	<b>2,069.48</b>
<b>Total</b>	<b>49,952.24</b>	<b>52,085.50</b>

## 20 OTHER INCOME

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Interest Income on		
Bank deposits	227.56	218.45
Others	20.35	15.40
Dividend Income on Current Investments	50.34	569.87
Profit on sale of assets	-	4.12
Gain on Sale of Investments	1,617.81	7.83
Forward contract gain	10.02	28.91
Miscellaneous Income	8.94	13.54
	<b>1,935.02</b>	<b>858.12</b>

## NOTES TO THE FINANCIAL STATEMENTS

(All amounts in lakhs in Indian Rupees, unless otherwise stated)

### 21 COST OF MATERIALS CONSUMED

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
<b>Raw Materials</b>		
Opening Stock	2,996.25	2,447.42
Purchases	16,378.91	17,961.82
Less: Closing Stock	1,906.17	2,996.25
	<b>17,468.99</b>	<b>17,412.99</b>
<b>Packing Materials</b>		
Opening Stock	224.95	37.71
Purchases	318.43	499.03
Less: Closing Stock	167.00	224.95
	<b>376.38</b>	<b>311.79</b>
<b>Total</b>	<b>17,845.37</b>	<b>17,724.78</b>

#### Details of Raw Materials consumed:

Particulars	For the year ended 31st March, 2016		For the year ended 31st March, 2015	
	Quantity (KGs)	Amount	Quantity (KGs)	Amount
(a) 3- Isochromanone	820,674	8,315.02	775,437	8,069.16
(b) Methanol	3,361,758	951.46	2,929,178	874.73
(c) Caustic Soda Lye	5,536,477	820.26	4,957,678	706.53
(d) Others	-	7,382.25	-	7,762.57
<b>Total</b>		<b>17,468.99</b>		<b>17,412.99</b>

#### Details of inventories

Particulars	For the year ended 31st March, 2016		For the year ended 31st March, 2015	
	Quantity (KGs)	Amount	Quantity (KGs)	Amount
(a) 3- Isochromanone	30,164	189.41	114,505	1,106.81
(b) 2-Amino-5-Chloro-2-Fluorobenzophenone	3,100	102.70	2,250	65.45
(c) Chloro Acetaldehyde Dimethyl Acetal	11,714	76.84	7,366	53.78
(d) Others	-	1,537.22	-	1,770.21
<b>Total</b>		<b>1,906.17</b>		<b>2,996.25</b>

### 22 (INCREASE)/ DECREASE IN INVENTORIES OF WORK-IN-PROGRESS AND FINISHED GOODS

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
<b>Inventories at the end of the year</b>		
Work-in-progress	2,284.76	1,857.20
Finished Goods	3,427.25	2,649.60
	<b>5,712.01</b>	<b>4,506.80</b>
<b>Inventories at the beginning of the year</b>		
Work-in-progress	1,857.20	2,230.61
Finished Goods	2,649.60	2,624.14
	<b>4,506.80</b>	<b>4,854.75</b>
<b>(Increase)/ decrease in inventories</b>	<b>(1,205.21)</b>	<b>347.95</b>



## NOTES TO THE FINANCIAL STATEMENTS

(All amounts in lakhs in Indian Rupees, unless otherwise stated)

## 22 (INCREASE)/ DECREASE IN INVENTORIES OF WORK-IN-PROGRESS AND FINISHED GOODS (contd...)

## Break-up of Finished Goods

Particulars	For the year ended 31st March, 2016		For the year ended 31st March, 2015	
	Quantity (MT)	Amount	Quantity (MT)	Amount
(a) Bulk Drugs	2.32	41.29	3.42	61.88
(b) Intermediates	113.93	3,385.96	191.11	2,587.72
<b>Total</b>	<b>116.25</b>	<b>3,427.25</b>	<b>194.53</b>	<b>2,649.60</b>

## 23 MANUFACTURING EXPENSES

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Power & Fuel	2,932.44	2,804.31
Consumable Stores	70.56	74.71
Factory Upkeep Expenses	1,576.46	1,174.36
Environment Management Expenses	415.24	356.59
Safety Expenses	96.64	66.52
Quality Control Expenses	648.07	554.74
Repairs & Maintenance:		
Buildings	194.83	93.73
Plant & Machinery	1,511.82	1,319.25
	<b>7,446.06</b>	<b>6,444.21</b>

## 24 EMPLOYEES BENEFIT EXPENSE

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Salary, Wages, Allowances & other Benefits	3,429.90	3,039.25
Contribution to Provident & other funds	374.55	304.61
Staff Welfare Expenses	359.14	307.31
	<b>4,163.59</b>	<b>3,651.17</b>

In accordance with Accounting Standard 15 "Employees Benefits", the Company has classified various benefits provided to employees as under:

## I. Defined Contribution Plans and respective Contributions

Particulars	Employers contribution debited to P&L A/c	
	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Provident Fund	172.09	153.33
State Defined Contribution Plans		
i. Employees' State Insurance	19.07	22.74
ii. Employees' Pension Scheme, 1995	97.90	73.98

## NOTES TO THE FINANCIAL STATEMENTS

(All amounts in lakhs in Indian Rupees, unless otherwise stated)

### 24 EMPLOYEES BENEFIT EXPENSE (contd...)

#### Post-employment benefit plans

##### a) Gratuity

Under the gratuity plan, every employee who has completed atleast five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plan.

#### Statement of Profit & Loss

##### Net employee benefit expense recognised in the employee cost

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Current service cost	34.37	28.01
Interest cost on benefit obligation	47.30	43.71
Expected return on plan assets	(29.06)	(23.34)
Net actuarial( gain) / loss recognised in the year	31.45	6.18
<b>Net benefit expense</b>	<b>84.06</b>	<b>54.56</b>

#### Balance Sheet

##### Benefit (asset)/ liability

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Present value of obligation at the end of the year	278.17	287.00
Fair value of plan assets at the end of the year	(3.44)	(8.83)
<b>Net (asset) / liability recognised in the Balance Sheet</b>	<b>274.72</b>	<b>278.17</b>

#### Changes in the present value of the defined benefit obligation are as follows:

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Opening defined benefit obligation	591.21	546.34
Current service cost	34.37	28.01
Interest cost	47.30	43.71
Benefits paid	(29.71)	(33.03)
Actuarial (gains) / losses on obligation	30.18	6.18
<b>Closing defined benefit obligation</b>	<b>673.35</b>	<b>591.21</b>

#### Changes in the fair value of plan assets are as follows:

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Opening fair value of plan assets	313.04	259.34
Expected return	29.06	23.34
Actuarial gains / (losses)	-	-
Contributions by employer	57.79	30.83
Benefits paid	(1.27)	(0.47)
<b>Closing fair value of plan assets</b>	<b>398.62</b>	<b>313.04</b>

## NOTES TO THE FINANCIAL STATEMENTS

(All amounts in lakhs in Indian Rupees, unless otherwise stated)

## 24 EMPLOYEES BENEFIT EXPENSE (contd...)

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

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Investments with insurer	100%	100%

The principal assumptions used in determining gratuity benefit obligations for the Company's plans are shown below:

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Discount rate (per annum)	8.00%	8.00%
Rate of increase in compensation levels	9.00%	9.00%
Rate of return on plan assets (for funded scheme)	8.35%	9.00%
Expected average remaining working lives of employees (years)	24.31	24.67

The estimates of future salary increases, considered in 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 market prices prevailing on that date, applicable to the period over which the obligation is to be settled. There has been significant change in expected rate of return on assets due to change in the market scenario.

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

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015	For the year ended 31st March, 2014	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Defined benefit obligation	673.35	591.21	546.34	507.90	468.77
Plan assets	398.62	313.04	259.34	214.95	167.88
Surplus / (deficit)	(274.73)	(278.17)	(287.00)	(292.95)	(300.89)

## b) Other Employee Benefit Plan

The liability for Leave Encashment as at the year end is ₹ 239.27 Lakhs (previous year ₹ 311.56 Lakhs ) and the assumptions are as same as above.

## 25 RESEARCH &amp; DEVELOPMENT EXPENSES

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
R & D Salaries	1,368.78	1,193.17
R & D Materials	695.84	586.76
Patent Related Expenses	742.00	460.66
Lab Maintenance	1,016.86	807.49
R & D Other Expenses	1,748.35	1,304.55
Depreciation	723.25	1,243.63
	6,295.08	5,596.26

## 26 FINANCE COST

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Interest	361.00	286.05
Bank Charges	180.70	184.87
	541.70	470.92

## NOTES TO THE FINANCIAL STATEMENTS

(All amounts in lakhs in Indian Rupees, unless otherwise stated)

### 27 OTHER EXPENSES

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
<b>Administrative &amp; Other Expenses</b>		
Rent	73.62	79.60
Rates & Taxes	24.96	10.06
Service Tax	24.67	10.88
Insurance	180.26	163.53
Communication Charges	100.33	76.25
Travelling & Conveyance	513.69	351.91
Printing & Stationery	108.99	89.79
Vehicle Maintenance	23.57	39.13
Professional Charges	287.50	356.07
Payments to Auditors :		
As Auditors	12.00	10.00
As Tax Audit Fee	2.50	2.50
For Other Services	1.00	1.00
For Reimbursement of expenses	0.25	0.12
Security Charges	165.77	133.50
Donations	2.32	2.70
Repairs & Maintenance	46.73	49.97
Loss on Foreign Exchange Fluctuations	12.60	26.75
Bad Debts Written off	8.25	-
Loss due to discarded asset	32.15	-
Corporate Social Responsibility	133.01	126.24
QIP Expenses to the extent written off	484.68	121.17
General Expenses	170.22	202.58
	<b>2,409.07</b>	<b>1,853.75</b>
<b>Selling Expenses</b>		
Sales Promotion	241.06	164.85
Clearing & Forwarding	276.46	243.79
Commission on Sales	155.31	108.77
	<b>672.83</b>	<b>517.41</b>
<b>Clinical project expenses</b>	-	4.13
	-	4.13
<b>Total</b>	<b>3,081.90</b>	<b>2,375.29</b>

### 28 EARNINGS PER SHARE

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Net Profit after tax available for Equity shareholders	9,496.98	10,875.03
Weighted average of number of Equity shares outstanding during the year(Nos In Lakhs)	1,272.83	1,202.37
Basic Earnings per Equity share (₹1/- Face Value)	7.46	9.04

## NOTES TO THE FINANCIAL STATEMENTS

(All amounts in lakhs in Indian Rupees, unless otherwise stated)

## 29 CONTINGENT LIABILITIES

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Income tax appeal for Asst.year 2011-12	7.64	7.64
Income tax appeal for Asst.year 2012-13	20.94	20.94
Letter of Credit for Imports	649.69	1,207.21

## 30 COMMITMENTS

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Estimated amount of contracts remaining to be executed on capital account	125.97	609.07
Forward Foreign Exchange Contracts	-	1,133.47

31 During the year Unclaimed Dividend pertaining to 2007-08 amounting to ₹ 3.01 Lakhs has been transferred to Investor Education and Protection Fund. There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as of 31st March, 2016 (Previous year: Nil)

32 Based on information available with the Company, no creditors have been identified as Micro and Small enterprises with in the meaning of "Micro, Small and Medium enterprises development (MSMED) Act, 2006".

## 33 MANAGERIAL REMUNERATION

Particulars	Chariman & CEO		Whole-time Director	
	For the year ended 31st March, 2016	For the year ended 31st March, 2015	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Salary & Allowances	191.25	145.00	95.62	69.00
Commission	127.10	157.51	63.55	78.75
Contribution to Provident Fund	22.95	17.40	11.48	8.28
Perquisites	12.50	-	6.25	-
<b>Total</b>	<b>353.80</b>	<b>319.91</b>	<b>176.90</b>	<b>156.03</b>

## 34 EMPLOYEE STOCK OPTION SCHEME

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Options outstanding at the beginning of the year	700,000	700,000
Add : Granted during the year	-	-
	<b>700,000</b>	<b>700,000</b>
Less: Lapsed during the year	50,000	-
Converted into equity shares	-	-
	<b>650,000</b>	<b>700,000</b>

35 Excise Duty amounting to ₹ 9.54 Lakhs on Closing Stock of finished goods has been provided during the year to comply with 'Guidance Note on Accounting treatment for Excise duty' issued by Institute of Chartered Accountants of India.

## NOTES TO THE FINANCIAL STATEMENTS

(All amounts in lakhs in Indian Rupees, unless otherwise stated)

### 36 UTILISATION OF FUND RAISED THROUGH QIP

During the year ended 31st March, 2015 the Company has raised ₹ 20,000 lakhs primarily for clinical development expenses, capital expenditure and general corporate purposes and any other purposes as may be permissible under applicable law.

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Amount raised through QIP	-	20,000.00
Less : QIP expenses	-	605.85
	-	19,394.15

### Utilisation of QIP Funds:

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Investment in wholly owned subsidiary - Suven Inc.,	2,298.10	-
Investment in Plant & Machinery -Vizag	3,145.72	-
	5,443.82	-

### 37 CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE

(a) Gross amount required to be spent by the Company during the year : ₹ 266.78 Lakhs

(b) Amount spent on during the year on:

Particulars	Construction/ acquisition of any asset		On other purposes	
	For the year ended 31st March, 2016	For the year ended 31st March, 2015	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Total amount spent for the financial year	-	-	181.58	126.24
Amount unspent	-	-	85.20	42.27
<b>Total</b>	<b>-</b>	<b>-</b>	<b>266.78</b>	<b>168.51</b>

### 38 SEGMENT REPORTING

#### (A) Primary Segment:

##### Business Segment

Segments have been identified and reported taking into account the nature of products, the differing risk and returns, the organisation structure, and the internal financial reporting scheme. The Company has identified the following segments as its reportable segments:

- (a) Manufacturing (CRAMS)
- (b) Services (DDDSS)
- (c) Research and Development
  - I. Manufacturing (CRAMS) - Bulk Drugs & Intermediates under contract services products are developed and produced on an exclusive basis under contract Manufacturing services
  - II. Services (DDDSS) - Which consists of Collaborative Research Projects (CRP), Clinical Trials and Testing and Analysis services

#### (B) Secondary Segment:

##### Geographical Segment

The Company has identified the following geographical reportable segments:

- (a) India-The Company sells Bulk Drugs and Intermedites and Fine Chemicals.
- (b) USA -The Company sells Intermediates
- (c) Europe-The Company sells Bulk Drugs and Intermedites
- (d) Others -The Company sells Bulk Drugs and Intermedites

## NOTES TO THE FINANCIAL STATEMENTS

(All amounts in lakhs in Indian Rupees, unless otherwise stated)

## 38 SEGMENT REPORTING (contd...)

## (B) Secondary Segment

Particulars	Manufacturing (CRAMS)		Services (DDSS)		Research & Development		Unallocated		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
<b>Segment Revenue</b>										
External Sales	46,710.86	50,016.03	3,241.37	2,069.48	-	-	-	-	49,952.24	52,085.50
	<b>46,710.86</b>	<b>50,016.03</b>	<b>3,241.37</b>	<b>2,069.48</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>49,952.24</b>	<b>52,085.50</b>
<b>Segment Result</b>										
Operating Profit	17,327.83	21,125.82	1,946.77	1,113.29	-6,295.08	-5,596.26	-819.70	-1,435.18	12,159.82	15,207.67
Interest Expense	-	-	-	-	-	-	361.00	286.05	361.00	286.05
Interest Income	-	-	-	-	-	-	247.91	233.85	247.91	233.85
Income Taxes	-	-	-	-	-	-	2,549.75	4,280.44	2,549.75	4,280.44
Net Profit	<b>17,327.83</b>	<b>21,125.82</b>	<b>1,946.77</b>	<b>1,113.29</b>	<b>-6,295.08</b>	<b>-5,596.26</b>	<b>-3,482.54</b>	<b>-5,767.82</b>	<b>9,496.98</b>	<b>10,875.03</b>
<b>Other Information</b>										
Segment Assets	42,984.65	38,065.82	3,882.05	3,937.04	2,618.02	2,459.57	31,306.86	32,850.98	80,791.59	77,313.41
Segment Liabilities	7,756.84	9,813.34	341.76	324.79	1,661.84	1,900.92	661.78	699.55	10,422.22	12,738.60
Capital Expenditure	14,967.11	2,112.40	-	-	800.76	297.64	-	-	15,767.87	2,410.03
Depreciation	1,536.96	998.94	67.54	89.31	723.25	1,243.63	67.54	89.31	2,395.29	2,421.20

## (C) Geographical Information:

Particulars	Revenue		Location of Assets		Additions to Fixed Assets	
	For the year ended 31st March, 2016	For the year ended 31st March, 2015	For the year ended 31st March, 2016	For the year ended 31st March, 2015	For the year ended 31st March, 2016	For the year ended 31st March, 2015
INDIA	3,163.91	4,095.40	44,311.50	28,992.68	15,766.40	2,410.03
U S A	9,129.30	9,150.83	60.44	58.97	1.47	-
EUROPE	34,470.85	35,577.22	-	-	-	-
OTHERS	3,264.13	3,262.05	-	-	-	-
	<b>50,028.19</b>	<b>52,085.50</b>	<b>44,371.94</b>	<b>29,051.65</b>	<b>15,767.87</b>	<b>2,410.03</b>

## 39 RELATED PARTY DISCLOSURES

List of and relationship with related parties with whom transactions have taken place during the year :

Holding Company	M/s. Jasti Property and Equity Holdings Private Limited
Wholly owned subsidiary	M/s. Suven Inc.
Key Managerial Personnel	Mr. Venkateswarlu Jasti ( Chairman & CEO)
	Mrs. Sudha Rani Jasti ( Whole-time Director)
	Mr. P. Subba Rao (Chief Financial Officer)
	Mr. Hanumatha Rao (Company Secretary)
Relative of Key Managerial Personnel	Ms. Kalyani Jasti ( Daughter of Mr.Venkateswarlu Jasti)
	Ms. Sirisha Jasti (Daughter of Mr. Venkateswarlu Jasti)
Jointly controlled entity	Suven Trust

## NOTES TO THE FINANCIAL STATEMENTS

(All amounts in lakhs in Indian Rupees, unless otherwise stated)

### 39 RELATED PARTY DISCLOSURES (contd...)

Particulars	Key Managerial Personnel		Relative of Key Managerial Personnel		Jointly controlled entity		Wholly owned Subsidiary		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Remuneration/ Salary	571.17	505.86	168.92	114.10	-	-	-	-	740.09	619.96
Corporate Social Responsibility	-	-	-	-	133.01	126.24	-	-	133.01	126.24
Investment	-	-	-	-	-	-	2,298.10	-	2,298.10	-
<b>Balance outstanding</b>										
Remuneration/ Salary	190.65	237.95	-	0.89	-	-	2,298.10	-	2,488.75	238.84

### 40 VALUE OF IMPORTS ON C I F BASIS

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Raw Materials	5,053.75	5,030.38
Packing Materials	12.01	241.19
Components and Spare Parts	805.95	332.84
Capital Equipment	236.53	420.25
	<b>6,108.24</b>	<b>6,024.66</b>

### 41 EXPENDITURE IN FOREIGN CURRENCY

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Travel	155.49	73.99
Dividend	70.19	105.20
Sales Commission	147.21	103.85
Foreign Branch Expenses	599.56	488.87
Research & Development Expenses	2,270.33	1,652.91
	<b>3,242.78</b>	<b>2,424.82</b>

### 42 VALUE OF IMPORTED AND INDIGENEOUS RAW MATERIALS, STORES AND SPARES CONSUMED AND PERCENTAGE OF EACH TO TOTAL CONSUMPTION

Particulars	For the year ended 31st March, 2016		For the year ended 31st March, 2015	
	Value	% to Total	Value	% to Total
<b>Raw Materials</b>				
Imported	3,564.71	20.41%	2,003.52	11.51%
Indigenous	13,904.28	79.59%	15,409.47	88.49%
<b>Total</b>	<b>17,468.99</b>	<b>100.00%</b>	<b>17,412.99</b>	<b>100.00%</b>
<b>Packing Materials</b>				
Imported	71.29	18.94%	164.85	52.87%
Indigenous	305.09	81.06%	146.94	47.13%
<b>Total</b>	<b>376.38</b>	<b>100.00%</b>	<b>311.79</b>	<b>100.00%</b>
<b>Stores and Spares</b>				
Imported	805.94	46.90%	332.84	27.59%
Indigenous	912.58	53.10%	873.67	72.41%
<b>Total</b>	<b>1,718.52</b>	<b>100.00%</b>	<b>1,206.51</b>	<b>100.00%</b>



**NOTES TO THE FINANCIAL STATEMENTS**

(All amounts in lakhs in Indian Rupees, unless otherwise stated)

**43 DIVIDEND REMITTANCES IN FOREIGN CURRENCY**

Year of remittance	On account of Financial Year	Number of non-resident shareholders	No. of shares held	Amount of dividend
2015/2016	2014/2015	5	3,509,388	70.19
2014/2015	2013/2014	7	4,207,900	105.20

**44 EARNINGS IN FOREIGN CURRENCY**

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
FOB Value of Exports	43,704.54	45,898.47
Royalty and Other Services	2,960.15	1,895.11
	<b>46,664.69</b>	<b>47,793.58</b>

**45** Previous year figures have been regrouped and reclassified wherever considered necessary to conform to this year's classifications.

As per our report of even date  
for **KARVY & CO.**  
Chartered Accountants  
Firm registration number: 001757S

for and on behalf of the Board of Directors of  
**SUVEN LIFE SCIENCES LIMITED**

**SANJEEV KUMAR SREEPATHI**  
Partner  
Membership No. 209145

**VENKATESWARLU JASTI**  
Chairman & CEO  
DIN: 00278028

Place: Hyderabad  
Date: 27th May, 2016

**P. SUBBA RAO**  
Chief Financial Officer  
Membership No. A11342

**K. HANUMANTHA RAO**  
Company Secretary  
Membership No. A11599



## INDEPENDENT AUDITOR'S REPORT

To  
The Members of  
**Suven Life Sciences Limited**

### Report on the Consolidated Financial Statements

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

### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### Auditor's Responsibility

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

While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

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

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

### Opinion

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

### Other Matters

The consolidated financial statements also include the Group's share of net loss of ₹ 2823.13 lakhs for the year ended 31st March, 2016, as considered in the consolidated financial statements, in respect of the subsidiary whose financial statements have not been audited by us. These financial statements have been audited by other auditor whose report 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 subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary is based solely on the reports of the other auditors.

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

### Report on Other Legal and Regulatory Requirements

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit 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.
- c) The Consolidated Balance Sheet, Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements

comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- e) On the basis of written representations received from the directors of the Holding Company as on 31st March, 2016, taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company incorporated in India is disqualified as on 31st March, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Consolidated financial statements disclose the impact of pending litigations on the consolidated position of the Group -Refer Note 28 to the financial statements.
  - ii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding company incorporated in India.

**For KARVY & CO.**

Chartered Accountants

ICAI Firm Registration No:017575

**(SANJEEV KUMAR SREEPATHI)**

Partner

Place: Hyderabad

Date : 27 May, 2016

Membership No. 209145

**CONSOLIDATED BALANCE SHEET** as at 31st March, 2016

(All amounts in lakhs in Indian Rupees, unless otherwise stated)

Particulars	Note No.	As at 31st March 2016	As at 31st March 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's Funds</b>			
Share capital	3	1,272.83	1,272.83
Reserves and surplus	4	58,272.82	54,658.58
<b>Non-Current Liabilities</b>			
Long-term borrowings	5	4,322.66	6,144.59
Long-term provision	6	239.49	227.48
Deferred Tax Liability(Net)	7	3,442.81	2,271.33
<b>Current Liabilities</b>			
Short Term borrowings	8	2,416.36	2,823.51
Trade payables	9	3,533.11	4,389.08
Other current liabilities	10	4,788.85	4,244.59
Short-term provisions	6	274.50	1,281.42
<b>Total</b>		<b>78,563.43</b>	<b>77,313.41</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
(i) Tangible assets	11	30,505.64	17,175.31
(ii) Intangible assets	11	29.71	19.61
(iii) Capital work-in-progress		719.72	10,701.33
Long term loans and advances	12	409.49	1,088.74
Other non-current assets	17	160.53	630.54
<b>Current assets</b>			
Current investments	13	3.64	3.64
Inventories	14	8,346.44	8,180.55
Trade receivables	15	5,356.49	4,016.92
Cash and bank balances	16	24,133.73	27,968.90
Short-term loans and advances	12	8,865.80	7,459.79
Other current assets	17	32.24	68.08
<b>Total</b>		<b>78,563.43</b>	<b>77,313.41</b>
Significant Accounting Policies	1-2		

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date  
for **KARVY & CO.**

Chartered Accountants

Firm registration number: 001757S

for and on behalf of the Board of Directors of  
**SUVEN LIFE SCIENCES LIMITED****SANJEEV KUMAR SREEPATHI**

Partner

Membership No. 209145

**VENKATESWARLU JASTI**

Chairman &amp; CEO

DIN: 00278028

Place: Hyderabad

Date: 27th May, 2016

**P. SUBBA RAO**

Chief Financial Officer

Membership No. A11342

**K. HANUMANTHA RAO**

Company Secretary

Membership No. A11599

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS** for the year ended 31st March, 2016

(All amounts in lakhs in Indian Rupees, unless otherwise stated)

Particulars	Note No.	For the year ended 31st March 2016	For the year ended 31st March 2015
<b>INCOME</b>			
Revenue from operations (Gross)	18	50,028.19	52,159.63
Less : Excise Duty	18	(75.95)	(74.13)
<b>Revenue from operations (Net)</b>		<b>49,952.24</b>	<b>52,085.50</b>
<b>Other Income</b>	19	1,935.02	858.12
<b>Total</b>		<b>51,887.26</b>	<b>52,943.62</b>
<b>EXPENSES:</b>			
Cost of materials consumed	20	17,845.37	17,724.78
(Increase)/ decrease in inventories of work-in-progress and finished goods	21	(1,205.21)	347.95
Manufacturing expenses	22	7,446.06	6,444.21
Employee benefit expense	23	4,163.59	3,651.17
Research & Development Expenses	24	9,112.83	5,596.26
Finance costs	25	542.11	470.92
Depreciation and amortisation expense	11	1,672.04	1,177.57
Other expenses	26	3,086.86	2,375.29
<b>Total</b>		<b>42,663.65</b>	<b>37,788.15</b>
<b>Profit/(Loss) before tax</b>		<b>9,223.61</b>	<b>15,155.47</b>
<b>Tax expense:</b>			
(1) Current tax		2,577.07	3,090.18
(2) Previous year tax		2.99	180.03
(3) Deferred tax		1,171.47	(240.08)
(4) MAT Credit (Entitlement)/ Reversal		(1,201.78)	1,250.31
<b>Total Tax Expenditure</b>		<b>2,549.75</b>	<b>4,280.44</b>
<b>Profit/(Loss) for the year</b>		<b>6,673.86</b>	<b>10,875.03</b>
<b>Earnings per Share</b>			
Basic & Diluted	27	5.24	9.04
Significant Accounting Policies	1-2		

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date  
for **KARVY & CO.**  
Chartered Accountants  
Firm registration number: 0017575

for and on behalf of the Board of Directors of  
**SUVEN LIFE SCIENCES LIMITED**

**SANJEEV KUMAR SREEPATHI**  
Partner  
Membership No. 209145

**VENKATESWARLU JASTI**  
Chairman & CEO  
DIN: 00278028

Place: Hyderabad  
Date: 27th May, 2016

**P. SUBBA RAO**  
Chief Financial Officer  
Membership No. A11342

**K. HANUMANTHA RAO**  
Company Secretary  
Membership No. A11599

**CONSOLIDATED CASH FLOW STATEMENT** for the year ended 31st March, 2016

(All amounts in lakhs in Indian Rupees, unless otherwise stated)

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	9,223.61	15,155.47
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation	2,395.29	2,421.20
Interest Income	(247.91)	(233.85)
Interest on Finance Cost	542.11	470.92
Dividend Income	(50.34)	(569.87)
Gain on sale of Investment	(1,617.81)	(7.83)
Loss due to asset discarded	32.15	
Profit on Sale of Assets	-	(4.12)
<b>Operating profit before working capital changes</b>	<b>10,277.10</b>	<b>17,231.92</b>
<b>Movements in working capital:</b>		
(Increase)/ Decrease in Long term Loans and Advances	679.25	174.98
(Increase)/ Decrease in Inventories	(165.89)	(317.69)
(Increase)/ Decrease in Trade Receivables	(1,339.57)	2,530.11
(Increase)/ Decrease in Short Loans & Advances	(1,406.01)	(655.60)
(Increase)/ Decrease in other current assets	1,758.89	(1,405.90)
(Increase)/ Decrease in Trade Payables	(855.97)	299.03
(Increase)/ Decrease in other current liabilities	544.25	(507.25)
(Increase)/ Decrease in short term provisions	142.78	658.51
(Increase)/ Decrease in long term provisions	12.01	48.13
<b>Cash generated from operations</b>	<b>9,646.83</b>	<b>18,056.25</b>
Direct taxes paid (net of refunds)	(2,659.05)	(3,765.74)
<b>Net cash flow from operating activities (A)</b>	<b>6,987.78</b>	<b>14,290.51</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale/(Purchase) of Investments	-	0.15
Purchase of Fixed Assets	(5,786.26)	(11,829.35)
Sale of Fixed Assets	-	4.12
Gain on sale of Investment	1,617.81	7.83
Interest Received	275.65	209.62
Foreign currency translation reserve	4.36	-
Changes in bank balances not considered as cash equivalents	(52.31)	(6.91)
Dividend Received	50.34	569.87
<b>Net cash flow used in investing activities (B)</b>	<b>(3,890.41)</b>	<b>(11,044.67)</b>

**CONSOLIDATED CASH FLOW STATEMENT** for the year ended 31st March, 2016

(All amounts in lakhs in Indian Rupees, unless otherwise stated)

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long-term borrowings	(2,029.72)	1,826.23
Repayment of short-term borrowings (net)	(407.15)	(31.85)
Interest Paid on borrowings	(564.85)	(463.94)
Issue of capital with Premium	-	20,000.00
Dividend Payouts (including Dividend Tax)	(3,983.14)	(3,417.12)
<b>Net cash flow used in financing activities (C)</b>	<b>(6,984.86)</b>	<b>17,913.31</b>
Net (decrease)/increase in cash and cash equivalents (A+B+C)	(3,887.48)	21,159.15
Cash and cash equivalents at the beginning of the year	27,936.19	6,777.04
<b>Cash and cash equivalents at the end of the year</b>	<b>24,048.71</b>	<b>27,936.19</b>
Components of cash and cash equivalents		
Cash on hand	10.91	10.79
Balances with Banks	24,037.80	27,925.40
<b>Total cash and cash equivalents (refer note 16)</b>	<b>24,048.71</b>	<b>27,936.19</b>
Summary of significant accounting policies	1-2	

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date  
for **KARVY & CO.**  
Chartered Accountants  
Firm registration number: 001757S

for and on behalf of the Board of Directors of  
**SUVEN LIFE SCIENCES LIMITED**

**SANJEEV KUMAR SREEPATHI**  
Partner  
Membership No. 209145

**VENKATESWARLU JASTI**  
Chairman & CEO  
DIN: 00278028

Place: Hyderabad  
Date: 27th May, 2016

**P. SUBBA RAO**  
Chief Financial Officer  
Membership No. A11342

**K. HANUMANTHA RAO**  
Company Secretary  
Membership No. A11599



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION

Suven Life Sciences Limited (Suven) is a bio-pharmaceutical company, began operations in 1989 as specialty chemicals provider about 27 years ago and went on to create a NCE based CRAMS (Contract Research And Manufacturing Services) business model in 1995, providing building blocks (bulk actives, drug intermediates and specialty chemicals) for global life science companies. Suven has made in-roads into drug discovery in the year 2005 with a specialisation on CNS (Central Nervous System) based programs targeting unmet medical need and 4 of the molecules in pipeline are into clinical phase of development. The Company is targeting CNS indications where there is a high unmet medical need, patient populations are identifiable, clinical endpoints can be well-defined and with possible commercialisation options

Suven, Inc., a Delaware Company, is a WOS (wholly owned subsidiary) of Suven, is a clinical-stage biopharmaceutical company commenced activities in October 2015, focused on the acquisition, development and commercialisation of novel therapeutics for the treatment of neurodegenerative disorders. The near-term focus for Suven, Inc., is to develop Suven product candidate, which we refer to as SUVN-502, for the treatment of Alzheimer's disease and other forms of dementia.

### 2. BASIS OF PREPARATION

#### 2.1 Basis of Accounting

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014.

#### 2.2 Use of Estimates

The presentation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported value of assets and liabilities on the date of the financial statements and the reported amount of revenue and expenditure for the year. The difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

#### 2.3 Consolidation

##### (i) Principles of Consolidation:

The consolidated financial statements relate to Suven Life Sciences Limited and its subsidiary companies. The consolidated financial statements have been prepared on the following basis:

- i. The Financial statements of the Company and its subsidiary are combined on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after fully eliminating intra group balances and intra group transactions, except wherever otherwise stated in accordance with accounting standard (AS-21) "Consolidated Financial Statements" notified under the Companies (Accounts) Rules, 2014.
- ii. The difference between the costs of investments in the subsidiaries, over the net assets at the time of acquisition of the shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.
- iii. Minority Interest in the net assets of consolidated subsidiaries is identified and presented in consolidated balance sheet separately from liabilities and equity of company's shareholders.
- iv. Minority Interest in the assets of consolidated subsidiaries consists of:
  - a) The amount of equity attributable to minority at the date on which investment in subsidiaries is made; and
  - b) The minority share of movements in equity since the date parent subsidiary relationship came into existence.
- v. Minority Interest's share of net profit for the year of consolidated subsidiaries is identified and against the profit after tax of the group. Investment in equity method as per (AS 23) - "Accounting for Investments in Associates in Consolidation Financial Statements".
- vi. The Company accounts for its share in the change in net assets of the associates, post-acquisition, after eliminating unrealised profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its Profit and Loss Account to the extent such change is attributable to the associates' Profit and Loss account and through its reserves for the balance, based on available information.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- vii. The difference between the costs of investments in the associates and the share of net assets at the time of acquisition of the shares in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be
  - viii. The Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar and are presented in the same manner as the Company's separate financial statements.
- (ii) The Consolidated financial statements include the accounts of Suven Life Sciences Limited and wholly owned subsidiary.

Name of Subsidiary : Suven Inc.

Country of Incorporation : USA

Company's Interest : 100%

Financial Year of the Subsidiary Ended on : 31st March, 2016

### 2.4 Revenue Recognition

- i. Revenue from sale of goods is recognised when significant risks and rewards in respect of ownership of products are transferred to customers.
- ii. Revenue from Contract Technical Services, Clinical Trials Services, Process Development Services and Formulation Development Charges are recognised on completion of the milestone work.
- iii. Income from Investments
  - (a) The Company recognises Interest on investments on accrual basis.
  - (b) Dividend income on investments is accounted for when the right to receive the payment is established.

### 2.5 Fixed Assets

#### i. Tangible assets

Fixed assets are stated at cost and as reduced by accumulated depreciation and accumulated impairment losses. The cost comprises purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Exchange difference arising on Long Term Foreign currency monetary items relating to acquisition of fixed assets are adjusted to the carrying cost of such assets.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

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

#### ii. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortised on a straight line basis over the estimated useful economic life. The Company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use.

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2.6 Depreciation

Depreciation on fixed assets is provided on straight-line basis at the rates arrived at based on the useful lives prescribed in Schedule II of the Companies Act, 2013. The Company follows the policy of charging depreciation on pro-rata basis on the assets acquired or disposed off during the year.

### 2.7 Investments

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Non-current investments are stated at cost and provision for diminution is made if the decline in value is other than temporary in nature.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of Profit & Loss

### 2.8 Inventories

- i. Stock of raw materials, Stores, spares and fuel are stated at cost and are valued on FIFO basis.
- ii. Work in process is stated at cost.
- iii. Finished Goods are valued at the lower of the Cost or net realisable value.

### 2.9 Research & Development expenses

- i. Revenue expenditure on research and development activities is expensed as and when incurred.
- ii. The expenditure on capital assets having alternative use either in R&D activity or otherwise are capitalised and amortised at the rate specified in Schedule II of the Companies Act 2013.
- iii. Depreciation on R&D assets is included in R&D expenses.

### 2.10 Foreign Currency Transactions

- i. Transactions denominated in foreign currency are normally recorded at the exchange rate prevailing at the time of the transaction.
- ii. Any income or expense on account of exchange difference either on settlement or on translation is recognised in the profit and loss account, except exchange difference arising on Long Term Foreign currency monetary items relating to acquisition of fixed assets which are adjusted to the carrying cost of such assets.
- iii. In case of Monetary items which are covered by forward exchange contracts, premium or discount on forward exchange contracts are amortised and recognised in the profit and loss account over the period of the contract. Forward Exchange Contracts outstanding at the balance sheet date, are stated at fair value and any gains or losses are recognised in the profit and loss account.
- iv. Financial Derivative Contracts:  
The realised gain/loss in respect of settled contracts are recognised in the Profit and loss account.

### 2.11 Retirement benefits to employees

The Company has Defined Contribution Plan for its employees' retirement benefits comprising of Provident Fund and Employees Pension Scheme, 1995. The Company contributes to State Plans namely Employees' State Insurance Scheme.

The Company has Defined Benefit Plan comprising of Gratuity Fund and Leave Encashment. The Company contributes to Gratuity Fund administered by LIC. The liability for the Gratuity Fund and Leave Encashment are determined on the basis of an independent actuarial valuation done at the year end. Actuarial Gains and Losses comprise experience adjustments and the effect of changes in the actuarial assumptions and are recognised immediately in the Profit and Loss Account as income or expense.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2.12 Borrowing Cost

Borrowing cost includes interest and amortisation of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing Costs that are directly attributable to the acquisition of a fixed asset are capitalised as part of the cost of the asset till the date the asset is ready for commercial use. All other borrowing costs are charged to revenue.

### 2.13 Income Taxes

The current charge for taxes is calculated in accordance with relevant tax regulations applicable to the Company.

The deferred tax for the timing differences between the book and tax profits for the year end is accounted for, using the tax rates and laws that have been substantially enacted as of the balance sheet date.

Deferred tax assets arising from timing differences are recognised and carried forward only if there is reasonable certainty that they will be realised in future and reviewed for the appropriateness of their respective carrying value at each balance sheet date.

### 2.14 Earnings per share

The basic earnings per share (EPS) is computed by dividing the net profit after tax for the year by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit after tax for the year and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date.

### 2.15 Impairment of Assets

If the carrying amount of fixed assets exceeds the recoverable amount on the reporting date, the carrying amount is reduced to the recoverable amount. The recoverable amount is measured as the higher of the net selling price and the value in use determined by the present value of estimated future cash flows.

### 2.16 Provisions

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

### 2.17 Segmental information – Basis of preparation

#### i. Segment Revenue and Expenses

Revenues and expenses are allocated on a reasonable basis to segments being common manufacturing facilities and sales force.

#### ii. Segment Assets and Liabilities

Segment assets and liabilities which can be identified to a segment are allocated to the respective segment. The fixed assets and net current assets are not identifiable for particular segment except R & D segment, because these assets can be used interchangeable among the segments. Hence the management feels that the assets cannot be segregated to particular segment and to disclose these under unallocated assets.

### 2.18 Employee Stock Option Schemes

In accordance with the Securities and Exchange Board of India guidelines, the excess of the market price of shares, at the date of grant of options under the Employee stock option schemes, over the exercise price is treated as employee compensation and amortised on a straight-line basis over the vesting period.

### 2.19 Cash and Cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in lakhs in Indian Rupees, unless otherwise stated)

## 3 SHARE CAPITAL:

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>Authorised Shares (Nos)</b>		
400,000,000 Equity shares of ₹1/- each (400,000,000 Equity shares of ₹1/- each)	4,000.00	4,000.00
	<b>4,000.00</b>	<b>4,000.00</b>
<b>Issued, Subscribed and fully paid up (Nos)</b>		
127,282,478 Equity shares of ₹1/- each (127,282,478 Equity shares of ₹1/- each)	1,272.83	1,272.83
	<b>1,272.83</b>	<b>1,272.83</b>

## 3.1 Reconciliation of the shares outstanding at the beginning and at the end of the year

Particulars	As at 31st March, 2016		As at 31st March, 2015	
	Number	Amount	Number	Amount
<b>Equity shares</b>				
At the beginning of the year	127,282,478	1,272.83	116,828,788	1,168.29
Add: Issued during the year on account of QIP	-	-	10,453,690	104.54
Outstanding at the end of the year	127,282,478	1,272.83	127,282,478	1,272.83

## 3.2 Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹1/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees.

The Board of Directors has declared and paid an interim dividend of ₹1/- per equity share and a onetime special dividend of ₹1/- per equity share. The total amount of per share dividend recognised as distributions to equity shareholders was ₹2.00 (31st March, 2015: ₹0.60/-).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

## 3.3 Shares held by holding company

Out of equity shares issued by the Company, shares held by its holding company are as below:

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>M/s. Jasti Property and Equity Holdings Private Limited</b>		
76,365,000 Equity shares of ₹1/- each (Previous year: 75,652,576)	76,365,000	75,652,576

## 3.4 Details of shareholders holding more than 5% shares in the Company

Name of shareholder	As at 31st March, 2016		As at 31st March, 2015	
	Number	% of Holding	Number	% of Holding
<b>Equity shares of ₹1/- each fully paid up</b>				
M/s. Jasti Property and Equity Holdings Private Limited	76,365,000	60.00%	75,652,576	59.44%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

## 3.5 Shares reserved for issue under Options

Details of shares reserved for issue under the employee stock option plan of the Company

	As at 31st March, 2016		As at 31st March, 2015	
	Number	Amount	Number	Amount
Equity shares of ₹1/- each fully paid up	650,000	6.50	700,000	7.00

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in lakhs in Indian Rupees, unless otherwise stated)

### 3 SHARE CAPITAL: (contd.)

#### Terms and Conditions of Options Granted

Each option entitles the holder thereof to apply for and be allotted one equity share of the Company of ₹ 1.00 each upon payment of the exercise price during the exercise period. The exercise period commences from the date of vesting of the Options and expires at the end of three years from the date of vesting in respect of Options granted under the Suven Employee Stock Option Scheme -2004

#### The vesting period for conversion of Options is as follows:

On completion of 24 months from the date of grant of the Options: 25% vests

On completion of 36 months from the date of grant of the Options: 35% vests

On completion of 48 months from the date of grant of the Options: 40% vests

The Options have been granted at the 'market price' as defined from time to time under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

### 4 RESERVE AND SURPLUS

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>General Reserve</b>		
Balance as per the last financial statements	6,736.61	5,636.61
Add : Amount transferred from surplus balance in the Statement of Profit and Loss	1,100.00	1,100.00
<b>Closing balance</b>	<b>7,836.61</b>	<b>6,736.61</b>
<b>Foreign Exchange Translation Reserve</b>		
Balance as per the last financial statements	-	-
Add : Additions during the year	4.36	-
	<b>4.36</b>	<b>-</b>
<b>Securities Premium Account</b>		
Balance as per the last financial statements	23,917.54	4,022.08
Add : Received on further issue of shares	-	19,895.46
<b>Closing balance</b>	<b>23,917.54</b>	<b>23,917.54</b>
<b>Surplus in the statement of profit and loss</b>		
Balance as per the last financial statements	24,004.42	15,617.65
Add: Profit for the year	6,673.86	10,875.03
Less: Adjustment of depreciation reserve as per Schedule II of Companies Act 2013	-	469.06
Less: Appropriations		
Transfer to General Reserve	1,100.00	1,100.00
Interim Dividend	2,545.65	-
Proposed dividend	-	763.70
Earlier year's dividend	0.00	0.02
Tax on Interim Dividend	518.32	-
Income tax on Proposed dividend		
Current Year	-	155.47
Earlier year's provision	0.00	0.01
<b>Closing balance</b>	<b>26,514.31</b>	<b>24,004.42</b>
<b>TOTAL</b>	<b>58,272.82</b>	<b>54,658.58</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in lakhs in Indian Rupees, unless otherwise stated)

## 5 LONG TERM BORROWINGS

Particulars	Non-Current		Current	
	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2016	As at 31st March, 2015
<b>Term Loans</b>				
<b>Foreign currency loans from Banks (Secured)</b>				
Term Loan From State Bank of India (Vizag Plant)	3,303.77	4,101.26	584.60	202.87
Corporate Loan From Bank of India	-	-	-	647.57
Corporate Loan From Bank of Bahrain & Kuwait	498.23	1,407.60	996.45	938.40
<b>Total (A)</b>	<b>3,802.00</b>	<b>5,508.86</b>	<b>1,581.05</b>	<b>1,788.84</b>
<b>Indian currency loans from others (Unsecured)</b>				
Loan from Department of Science & Technology, Government of India	520.66	635.73	94.40	94.40
<b>Total (B)</b>	<b>520.66</b>	<b>635.73</b>	<b>94.40</b>	<b>94.40</b>
<b>Total (A + B)</b>	<b>4,322.66</b>	<b>6,144.59</b>	<b>1,675.45</b>	<b>1,883.24</b>
<b>Nature of Security</b>	<b>Terms of repayment</b>			
<b>Term Loan From State Bank of India (Vizag Plant)</b>				
Secured by first and pari-passu charge on Land, Buildings, Plant & Machinery and Second charge on stocks, receivables and other current assets	The term loan is repayable in 20 quarterly installments after roll over commencing from March' 2016. Rate of Interest LIBOR + 4%			
<b>Corporate Loan From Bank of India</b>				
Secured by first and pari-passu charge on Land, Buildings, Plant & Machinery and Second charge on stocks, receivables and other current assets	The term loan is fully paid and closed by 31st March 2016.			
<b>Corporate Loan From Bank of Bahrain &amp; Kuwait</b>				
Secured by first and pari-passu charge on Land, Buildings, Plant & Machinery and Second charge on stocks, receivables and other current assets	The term loan is repayable in 16 quarterly installments of USD 0.375 Million. Commencing from December 2013. Rate of Interest LIBOR + 3.50%			
<b>Loan from Department of Science &amp; Technology – I</b>				
	The loan is repayable in 10 Annual installments of ₹50 Lakhs each commencing from October 2013. Rate of Interest 3.00%			
<b>Loan from Department of Science &amp; Technology – II</b>				
	The loan is repayable in 10 Annual installments of ₹44.40 Lakhs each commencing from February 2013. Rate of Interest 3.00%			

## 6 PROVISIONS

Particulars	Long-Term		Short-Term	
	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2016	As at 31st March, 2015
<b>Provision for Employee Benefits</b>				
Gratuity	79.47	64.43	195.25	213.73
Leave Encashment	160.02	163.05	79.25	148.52
	<b>239.49</b>	<b>227.48</b>	<b>274.50</b>	<b>362.25</b>
<b>Other provisions</b>				
Taxation	-	-	-	-
Dividend	-	-	-	763.70
Corporate Dividend Tax	-	-	-	155.47
	<b>-</b>	<b>-</b>	<b>-</b>	<b>919.17</b>
	<b>239.49</b>	<b>227.48</b>	<b>274.50</b>	<b>1,281.42</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in lakhs in Indian Rupees, unless otherwise stated)

### 7 DEFERRED TAX LIABILITY

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>Deferred Tax Liability</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortisation charged for the financial reporting	3,882.62	2,545.58
	<b>3,882.62</b>	<b>2,545.58</b>
Deferred Tax Asset		
Unabsorbed Losses	136.13	136.13
QIP Expenditure	125.80	-
Provision for Gratuity & Leave Encashment	177.88	138.12
	<b>439.81</b>	<b>274.25</b>
<b>Net deferred tax liability/ asset</b>	<b>3,442.81</b>	<b>2,271.33</b>

### 8 SHORT TERM BORROWINGS

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>Loans repayable on demand</b>		
<b>From Banks (Secured)</b>		
Working Capital Loans from State Bank of India	1,825.71	2,327.20
Working Capital Loans from Bank of Bahrain & Kuwait	590.65	496.31
	<b>2,416.36</b>	<b>2,823.51</b>

8.1 ₹ 2,416.36 lakhs (Previous year: ₹ 2,823.51 lakhs) are secured by pari-passu first charge on inventories, receivables and other current assets of the Company and pari-passu second charge on movable and immovable fixed assets of the Company and equitable mortgage of the properties belonging to the Company, both present and future.

### 9 TRADE PAYABLES

Particulars	As at 31st March, 2016	As at 31st March, 2015
Trade payables (Refer note 31 for details of dues to micro and small enterprises)	3,533.11	4,389.08
	<b>3,533.11</b>	<b>4,389.08</b>

### 10 OTHER CURRENT LIABILITIES

Particulars	As at 31st March, 2016	As at 31st March, 2015
Current maturities of long-term borrowings (Refer Note 5)	1,675.45	1,883.24
Interest accrued but not due	19.29	42.03
Unclaimed dividend	84.99	32.66
Other payables		
Liabilities for Expenses	2,443.17	1,256.38
Liabilities for statutory dues	118.37	102.90
Liabilities for Capital Works	447.58	927.38
	<b>4,788.85</b>	<b>4,244.59</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in lakhs in Indian Rupees, unless otherwise stated)

## 11 FIXED ASSETS

Particulars	Land – Free Hold	Buildings – Office at Factory	Buildings – Factory	Roads – RCC (Carpeted)	Plant & Equipment	Furniture & Fixtures	Vehicles	Office Equipments	Laboratory Equipments	ETP Works	Misc Fixed Assets	EDP Equipments	Total	R&D Equipments	Total Tangible Assets	Software	Total Intangible Assets	Grand Total
<b>Cost or valuation</b>																		
As at 31st March, 2014	523.05	44.78	4,317.55	-	13,034.05	445.39	180.59	103.00	1,465.02	406.66	4.62	498.00	21,022.69	5,717.80	26,740.49	-	-	26,740.49
Additions	13.33	-	426.89	-	1,116.42	10.11	45.27	8.07	107.21	201.22	-	34.12	1,962.65	297.64	2,260.28	20.34	20.34	2,280.62
Disposals	-	-	-	-	15.58	-	19.99	-	-	-	4.62	58.68	98.87	-	98.87	-	-	98.87
-Exchange differences	-	-	-	-	129.41	-	-	-	-	-	-	-	129.41	-	129.41	-	-	129.41
As at 31st March, 2015	536.38	44.78	4,744.44	-	14,264.30	455.50	205.86	111.07	1,572.23	607.87	-	473.44	23,015.88	6,015.43	29,031.31	20.34	20.34	29,051.65
Additions	532.59	-	4,626.77	753.44	7,869.69	170.42	-	97.65	379.22	42.05	-	76.26	14,548.09	800.76	15,348.85	12.78	12.78	15,361.63
Disposals	-	-	-	-	397.19	-	-	-	29.89	-	-	-	427.08	20.50	447.58	-	-	447.58
Other Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-Exchange differences	-	-	-	-	406.24	-	-	-	-	-	-	-	406.24	-	406.24	-	-	406.24
As at 31st March, 2016	1,068.98	44.78	9,371.21	753.44	22,143.04	625.92	205.86	208.72	1,921.56	649.92	-	549.70	37,543.13	6,795.69	44,338.82	33.12	33.12	44,371.94
<b>Depreciation</b>																		
Upto 31st March, 2014	-	12.83	828.11	-	4,623.12	221.02	92.69	52.26	319.54	121.43	4.48	476.99	6,752.47	2,064.63	8,817.10	-	-	8,817.10
Charge for the year	-	0.75	139.85	-	623.50	48.48	23.96	5.57	200.15	35.43	-	99.13	1,176.84	1,243.63	2,420.47	0.73	0.73	2,421.20
Disposals	-	-	-	-	15.58	-	19.99	-	-	-	4.62	58.68	98.87	-	98.87	-	-	98.87
Other Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-Adjustment as per Schedule II	-	-	-	-	-20.17	14.02	-0.14	45.15	29.19	17.47	0.14	-70.46	15.21	702.10	717.31	-	-	717.31
Upto 31st March, 2015	-	13.59	967.96	-	5,210.87	283.52	96.53	102.98	548.88	174.34	-	446.97	7,845.65	4,010.36	11,856.00	0.73	0.73	11,856.74
Charge for the year	-	0.75	262.69	56.77	958.09	58.67	18.59	18.43	195.60	63.82	-	35.95	1,669.36	723.25	2,392.61	2.68	2.68	2,395.29
Disposals	-	-	-	-	365.64	-	-	-	29.66	-	-	-	395.30	20.13	415.43	-	-	415.43
Other Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-Adjustment as per Schedule II	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Upto 31st March, 2016	-	14.34	1,230.65	56.77	5,803.31	342.18	115.12	121.41	714.82	238.17	-	482.92	9,119.70	4,713.48	13,833.18	3.41	3.41	13,836.59
<b>Net Block</b>																		
As at 31st March, 2015	536.38	31.20	3,776.48	-	9,053.43	171.99	109.33	8.09	1,023.35	433.53	-	26.47	15,170.23	2,005.08	17,175.31	19.61	19.61	17,194.92
As at 31st March, 2016	1,068.98	30.44	8,140.56	696.68	16,339.73	283.74	90.74	87.31	1,206.73	411.75	-	66.78	28,423.43	2,082.21	30,505.64	29.71	29.71	30,535.35

**Note 1:** Depreciation on R & D Equipment of ₹ 723.25 Lakhs has been added to R & D Expenses (Previous Year: ₹1243.63 Lakhs)

**Note 2:** Pursuant to the enactment of Companies Act 2013, the Company has applied the estimated useful lives as specified in Schedule II, except in respect of certain assets as disclosed in Accounting Policy on Depreciation, Amortisation and Depletion. Accordingly the unamortised carrying value is being depreciated / amortised over the revised/ remaining useful lives. The written down value of Fixed Assets whose lives have expired as at 1st April 2014 have been adjusted net of tax, in the opening balance of Profit and Loss Account amounting to ₹ 469.06 Lakhs

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in lakhs in Indian Rupees, unless otherwise stated)

### 12 LOANS AND ADVANCES

Particulars	Long-Term		Short-Term	
	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2016	As at 31st March, 2015
<b>(Unsecured, considered good)</b>				
Capital Advances	86.07	843.39	-	-
Security Deposits	321.50	243.31	-	-
Other Advances	1.92	2.04	2.55	-
Advances for purchases			112.48	11.89
Advances for expenses			330.78	269.06
Other loans and advances				
Prepaid expenses			300.77	212.81
VAT Credit receivable			895.56	872.98
Cenvat Credit receivable			2,405.00	2,579.33
Service Tax Credit receivable			401.35	388.48
MAT Credit Entitlement			3,940.82	2,739.04
With Holding Tax			11.40	-
Advance income-tax (net of provision for tax)			434.63	355.63
Others			30.46	30.57
	<b>409.49</b>	<b>1,088.74</b>	<b>8,865.80</b>	<b>7,459.79</b>

### 13 CURRENT INVESTMENTS

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>Current investments (valued at lower of cost and fair value, unless stated otherwise)</b>		
<b>Quoted mutual funds</b>		
SBI Infrastructure Fund	3.64	3.64
50,000 (31 March, 2015: 50,000) units of ₹10/- each		
	<b>3.64</b>	<b>3.64</b>
<b>Aggregate amount of quoted investments</b>		
Book value	3.64	3.64
Market value	5.31	5.89

### 14 INVENTORIES

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>(valued at lower of cost and net realisable value)</b>		
Raw Materials	1,906.17	2,996.25
Packing Materials	167.00	224.95
Work-in- Process	2,284.76	1,857.20
Finished Goods (Including Stock-in-Transit 31 March, 2015: ₹ 677.53 lakhs)	3,427.25	2,649.60
Stores and Spares	561.26	452.55
	<b>8,346.44</b>	<b>8,180.55</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in lakhs in Indian Rupees, unless otherwise stated)

## 15 TRADE RECEIVABLES

Particulars	As at 31st March, 2016	As at 31st March, 2015
(Unsecured, Considered Good)		
- Outstanding for a period exceeding six months from the date they are due for payment	4.84	7.05
- Others	5,351.65	4,009.87
	<b>5,356.49</b>	<b>4,016.92</b>

## 16 CASH AND BANK BALANCES

Particulars	Non-Current		Current	
	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2016	As at 31st March, 2015
Cash and Cash equivalents				
Balances with banks				
On current accounts	-	-	1,037.80	406.21
Deposits with original maturity of less than three months	-	-	23,000.00	27,519.19
Cash on hand	-	-	10.91	10.79
	<b>-</b>	<b>-</b>	<b>24,048.71</b>	<b>27,936.19</b>
Other bank balances				
Earmarked balances with banks	-	-	85.02	32.72
Margin money deposit	160.53	145.86	-	-
	<b>160.53</b>	<b>145.86</b>	<b>85.02</b>	<b>32.72</b>
Amount disclosed under other assets (Refer note 17)	-160.53	-145.86	-	-
	<b>-</b>	<b>-</b>	<b>85.02</b>	<b>32.72</b>
	<b>-</b>	<b>-</b>	<b>24,133.73</b>	<b>27,968.90</b>

## 17 OTHER ASSETS

Particulars	Non-Current		Current	
	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2016	As at 31st March, 2015
Unamortised QIP Expenditure	-	484.68	-	-
Non-current bank balances (Refer note 16)	160.53	145.86	-	-
Interest accrued	-	-	32.24	59.98
MTM Gain	-	-	-	8.10
	<b>160.53</b>	<b>630.54</b>	<b>32.24</b>	<b>68.08</b>

## 18 REVENUE FROM OPERATIONS

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Sale of Products	46,786.81	50,090.15
Less: Excise Duty	(75.95)	(74.13)
	46,710.86	50,016.02
Sale of Services	3,241.38	2,069.48
	<b>49,952.24</b>	<b>52,085.50</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in lakhs in Indian Rupees, unless otherwise stated)

### 18 REVENUE FROM OPERATIONS (contd...)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
<b>Sale of Products</b>		
(a) Bulk drugs	1,706.12	1,837.39
(b) Intermediates	43,153.06	45,420.48
(c) Recoveries	23.75	15.50
(d) Job works	1,827.93	2,742.65
	<b>46,710.86</b>	<b>50,016.02</b>
<b>Sale of Services</b>		
(a) Contract technical services	885.18	128.77
(b) Clinical trial services	-	5.83
(c) Process development charges	212.13	187.07
(d) Formulation development charges	783.72	746.28
(e) Royalty services	1,360.35	1,001.52
	<b>3,241.38</b>	<b>2,069.48</b>
<b>Total</b>	<b>49,952.24</b>	<b>52,085.50</b>

### 19 OTHER INCOME

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Interest Income on		
Bank deposits	227.56	218.45
Others	20.35	15.40
Dividend Income on Current Investments	50.34	569.87
Profit on sale of assets	-	4.12
Gain on Sale of Investments	1,617.81	7.83
Forward contract gain	10.02	28.91
Miscellaneous Income	8.94	13.54
	<b>1,935.02</b>	<b>858.12</b>

### 20 COST OF MATERIALS CONSUMED

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
<b>Raw Materials</b>		
Opening Stock	2,996.25	2,447.42
Purchases	16,378.91	17,961.82
Less: Closing Stock	1,906.17	2,996.25
	<b>17,468.99</b>	<b>17,412.99</b>
<b>Packing Materials</b>		
Opening Stock	224.95	37.71
Purchases	318.43	499.03
Less: Closing Stock	167.00	224.95
	<b>376.38</b>	<b>311.79</b>
<b>Total</b>	<b>17,845.37</b>	<b>17,724.78</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in lakhs in Indian Rupees, unless otherwise stated)

## 20 COST OF MATERIALS CONSUMED (contd...)

## Details of Raw Materials consumed:

Particulars	For the year ended 31st March, 2016		For the year ended 31st March, 2015	
	Quantity (KGs)	Amount	Quantity (KGs)	Amount
(a) 3- Isochromanone	820,674	8,315.02	775,437	8,069.16
(b) Methanol	3,361,758	951.46	2,929,178	874.73
(c) Caustic Soda Lye	5,536,477	820.26	4,957,678	706.53
(d) Others	-	7,382.25	-	7,762.57
<b>Total</b>		<b>17,468.99</b>		<b>17,412.99</b>

## Details of inventories

Particulars	For the year ended 31st March, 2016		For the year ended 31st March, 2015	
	Quantity (KGs)	Amount	Quantity (KGs)	Amount
(a) 3- Isochromanone	30,164	189.41	114,505	1,106.81
(b) 2-Amino-5-Chloro-2-Fluorobenzophenone	3,100	102.70	2,250	65.45
(c) Chloro Acetaldehyde Dimethyl Acetal	11,714	76.84	7,366	53.78
(d) Others	-	1,537.22	-	1,770.21
<b>Total</b>		<b>1,906.17</b>		<b>2,996.25</b>

## 21 (INCREASE)/ DECREASE IN INVENTORIES OF WORK-IN-PROGRESS AND FINISHED GOODS

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
<b>Inventories at the end of the year</b>		
Work-in-progress	2,284.76	1,857.20
Finished Goods	3,427.25	2,649.60
	<b>5,712.01</b>	<b>4,506.80</b>
<b>Inventories at the beginning of the year</b>		
Work-in-progress	1,857.20	2,230.61
Finished Goods	2,649.60	2,624.14
	<b>4,506.80</b>	<b>4,854.75</b>
<b>(Increase)/ decrease in inventories</b>	<b>(1,205.21)</b>	<b>347.95</b>

## Break-up of Finished Goods

Particulars	For the year ended 31st March, 2016		For the year ended 31st March, 2015	
	Quantity (MT)	Amount	Quantity (MT)	Amount
(a) Bulk Drugs	2.32	41.29	3.42	61.88
(b) Intermediates	113.93	3,385.96	191.11	2,587.72
<b>Total</b>	<b>116.25</b>	<b>3,427.25</b>	<b>194.53</b>	<b>2,649.60</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in lakhs in Indian Rupees, unless otherwise stated)

### 22 MANUFACTURING EXPENSES

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Power & Fuel	2,932.44	2,804.31
Consumable Stores	70.56	74.71
Factory Upkeep Expenses	1,576.46	1,174.36
Environment Management Expenses	415.24	356.59
Safety Expenses	96.64	66.52
Quality Control Expenses	648.07	554.74
Repairs & Maintenance:		
Buildings	194.83	93.73
Plant & Machinery	1,511.82	1,319.25
	<b>7,446.06</b>	<b>6,444.21</b>

### 23 EMPLOYEES BENEFIT EXPENSE

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Salary, Wages, Allowances & other Benefits	3,429.90	3,039.25
Contribution to Provident & other funds	374.55	304.61
Staff Welfare Expenses	359.14	307.31
	<b>4,163.59</b>	<b>3,651.17</b>

In accordance with Accounting Standard 15 "Employees Benefits", the Company has classified various benefits provided to employees as under:

#### I. Defined Contribution Plans and respective Contributions

Particulars	Employers contribution debited to P&L A/c	
	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Provident Fund	172.09	153.33
State Defined Contribution Plans		
i. Employees' State Insurance	19.07	22.74
ii. Employees' Pension Scheme, 1995	97.90	73.98

#### Post-employment benefit plans

##### a) Gratuity

Under the gratuity plan, every employee who has completed atleast five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plan.

#### Statement of Profit & Loss

##### Net employee benefit expense recognised in the employee cost

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Current service cost	34.37	28.01
Interest cost on benefit obligation	47.30	43.71
Expected return on plan assets	(29.06)	(23.34)
Net actuarial( gain) / loss recognised in the year	31.45	6.18
<b>Net benefit expense</b>	<b>84.06</b>	<b>54.56</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in lakhs in Indian Rupees, unless otherwise stated)

## 23 EMPLOYEES BENEFIT EXPENSE (contd...)

## Balance Sheet

## Benefit (asset)/ liability

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Present value of obligation at the end of the year	278.17	287.00
Fair value of plan assets at the end of the year	(3.44)	(8.83)
<b>Net (asset) / liability recognised in the Balance Sheet</b>	<b>274.72</b>	<b>278.17</b>

## Changes in the present value of the defined benefit obligation are as follows:

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Opening defined benefit obligation	591.21	546.34
Current service cost	34.37	28.01
Interest cost	47.30	43.71
Benefits paid	(29.71)	(33.03)
Actuarial (gains) / losses on obligation	30.18	6.18
<b>Closing defined benefit obligation</b>	<b>673.35</b>	<b>591.21</b>

## Changes in the fair value of plan assets are as follows:

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Opening fair value of plan assets	313.04	259.34
Expected return	29.06	23.34
Actuarial gains / (losses)	-	-
Contributions by employer	57.79	30.83
Benefits paid	(1.27)	(0.47)
<b>Closing fair value of plan assets</b>	<b>398.62</b>	<b>313.04</b>

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

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Investments with insurer	100%	100%

## The principal assumptions used in determining gratuity benefit obligations for the Company's plans are shown below:

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Discount rate (per annum)	8.00%	8.00%
Rate of increase in compensation levels	9.00%	9.00%
Rate of return on plan assets (for funded scheme)	8.35%	9.00%
Expected average remaining working lives of employees (years)	24.31	24.67

The estimates of future salary increases, considered in 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 market prices prevailing on that date, applicable to the period over which the obligation is to be settled. There has been significant change in expected rate of return on assets due to change in the market scenario.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in lakhs in Indian Rupees, unless otherwise stated)

### 23 EMPLOYEES BENEFIT EXPENSE (contd...)

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

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015	For the year ended 31st March, 2014	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Defined benefit obligation	673.35	591.21	546.34	507.90	468.77
Plan assets	398.62	313.04	259.34	214.95	167.88
Surplus / (deficit)	(274.73)	(278.17)	(287.00)	(292.95)	(300.89)

#### b) Other Employee Benefit Plan

The liability for Leave Encashment as at the year end is ₹ 239.27 Lakhs (previous year ₹ 311.56 Lakhs ) and the assumptions are as same as above.

### 24 RESEARCH & DEVELOPMENT EXPENSES

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
R & D Salaries	1,368.78	1,193.17
R & D Materials	695.84	586.76
Patent Related Expenses	742.00	460.66
Lab Maintenance	1,016.86	807.49
R & D Other Expenses	4,566.10	1,304.55
Depreciation	723.25	1,243.63
	9,112.83	5,596.26

### 25 FINANCE COST

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Interest	361.00	286.05
Bank Charges	181.11	184.87
	542.11	470.92



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(All amounts in lakhs in Indian Rupees, unless otherwise stated)

**26 OTHER EXPENSES**

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
<b>Administrative &amp; Other Expenses</b>		
Rent	73.62	79.60
Rates & Taxes	24.96	10.06
Service Tax	24.67	10.88
Insurance	180.26	163.53
Communication Charges	100.33	76.25
Travelling & Conveyance	513.69	351.91
Printing & Stationery	108.99	89.79
Vehicle Maintenance	23.57	39.13
Professional Charges	287.50	356.07
Payments to Auditors :		
As Auditors	12.00	10.00
As Tax Audit Fee	2.50	2.50
For Other Services	1.00	1.00
For Reimbursement of expenses	0.25	0.12
Security Charges	165.77	133.50
Donations	2.32	2.70
Repairs & Maintenance	46.73	49.97
Loss on Foreign Exchange Fluctuations	12.60	26.75
Bad Debts Written off	8.25	-
Loss due to discarded asset	32.15	-
Corporate Social Responsibility	133.01	126.24
QIP Expenses to the extent written off	484.68	121.17
General Expenses	175.18	202.58
	<b>2,414.03</b>	<b>1,853.75</b>
<b>Selling Expenses</b>		
Sales Promotion	241.06	164.85
Clearing & Forwarding	276.46	243.79
Commission on Sales	155.31	108.77
	<b>672.83</b>	<b>517.41</b>
<b>Clinical project expenses</b>	-	4.13
	-	4.13
<b>Total</b>	<b>3,086.86</b>	<b>2,375.29</b>

**27 EARNINGS PER SHARE**

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Net Profit after tax available for Equity shareholders	6,673.85	10,875.03
Weighted average of number of Equity shares outstanding during the year	1,272.83	1,202.37
Basic Earnings per Equity share (₹1/- Face Value)	5.24	9.04

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in lakhs in Indian Rupees, unless otherwise stated)

### 28 CONTINGENT LIABILITIES

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Income tax appeal for Asst.year 2011-12	7.64	7.64
Income tax appeal for Asst.year 2012-13	20.94	20.94
Letter of Credit for Imports	649.69	1,207.21

### 29 COMMITMENTS

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Estimated amount of contracts remaining to be executed on capital account	125.97	609.07
Forward Foreign Exchange Contracts	-	1,133.47

30 During the year Unclaimed Dividend pertaining to 2007-08 amounting to ₹ 3.01 Lakhs has been transferred to Investor Education and Protection Fund. There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as of 31st March 2016 (Previous year:Nil)

31 Based on information available with the Company, no creditors have been identified as Micro and Small enterprises with in the meaning of "Micro, Small and Medium enterprises development (MSMED) Act ,2006".

### 32 MANAGERIAL REMUNERATION

Particulars	Chariman & CEO		Whole-time Director	
	For the year ended 31st March, 2016	For the year ended 31st March, 2015	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Salary & Allowances	191.25	145.00	95.62	69.00
Commission	127.10	157.51	63.55	78.75
Contribution to Provident Fund	22.95	17.40	11.48	8.28
Perquisites	12.50	-	6.25	-
<b>Total</b>	<b>353.80</b>	<b>319.91</b>	<b>176.90</b>	<b>156.03</b>

### 33 EMPLOYEE STOCK OPTION SCHEME

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Options outstanding at the beginning of the year	700,000	700,000
Add : Granted during the year	-	-
	<b>700,000</b>	<b>700,000</b>
Less: Lapsed during the year	50,000	-
Converted into equity shares	-	-
	<b>650,000</b>	<b>700,000</b>

34 Excise Duty amounting to ₹ 9.54 Lakhs on Closing Stock of finished goods has been provided during the year to comply with ' Guidance Note on Accounting treatment for Excise duty' issued by Institute of Chartered Accountants of India.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in lakhs in Indian Rupees, unless otherwise stated)

### 35 UTILISATION OF FUND RAISED THROUGH QIP

During the year ended 31st March 2015 the Company has raised ₹ 20,000 lakhs primarily for clinical development expenses, capital expenditure and general corporate purposes and any other purposes as may be permissible under applicable law.

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Amount raised through QIP	-	20,000.00
Less : QIP expenses	-	605.85
	-	19,394.15

#### Utilisation of QIP Funds:

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Investment in wholly owned subsidiary - Suven Inc.,	2,298.10	-
Investment in Plant & Machinery -Vizag	3,145.72	-
	5,443.82	-

### 36 CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE

(a) Gross amount required to be spent by the Company during the year : ₹ 266.78 lakhs.

(b) Amount spent on during the year on:

Particulars	Construction/ acquisition of any asset		On other purposes	
	For the year ended 31st March, 2016	For the year ended 31st March, 2015	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Total amount spent for the financial year	-	-	181.58	126.24
Amount unspent	-	-	85.19	42.27
<b>Total</b>	<b>-</b>	<b>-</b>	<b>266.78</b>	<b>168.51</b>

### 37 SEGMENT REPORTING

#### (A) Primary Segment:

##### Business Segment

Segments have been identified and reported taking into account the nature of products, the differing risk and returns, the organisation structure, and the internal financial reporting scheme. The Company has identified the following segments as its reportable segments:

- (a) Manufacturing (CRAMS)
- (b) Services (DDDSS)
- (c) Research and Development
  - I. Manufacturing (CRAMS) - Bulk Drugs & Intermediates under contract services products are developed and produced on an exclusive basis under contract Manufacturing services
  - II. Services (DDDSS) - Which consists of Collaborative Research Projects (CRP), Clinical Trials and Testing and Analysis services

#### (B) Secondary Segment:

##### Geographical Segment

The Company has identified the following geographical reportable segments:

- (a) India-The Company sells Bulk Drugs and Intermedites and Fine Chemicals.
- (b) USA -The Company sells Intermediates
- (c) Europe-The Company sells Bulk Drugs and Intermedites
- (d) Others -The Company sells Bulk Drugs and Intermedites

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in lakhs in Indian Rupees, unless otherwise stated)

### 37 SEGMENT REPORTING (contd...)

#### (B) Secondary Segment

Particulars	Manufacturing (CRAMS)		Services (DDSS)		Research & Development		Unallocated		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
<b>Segment Revenue</b>										
External Sales	46,710.86	50,016.03	3,241.37	2,069.48	-	-	-	-	49,952.24	52,085.50
	<b>46,710.86</b>	<b>50,016.03</b>	<b>3,241.37</b>	<b>2,069.48</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>49,952.24</b>	<b>52,085.50</b>
<b>Segment Result</b>										
Operating Profit	17,327.83	21,125.82	1,946.46	1,113.29	(9,112.83)	(5,596.26)	(824.76)	(1,435.18)	9,336.70	15,207.67
Interest Expense	-	-	-	-	-	-	361.00	286.05	361.00	286.05
Interest Income	-	-	-	-	-	-	247.91	233.85	247.91	233.85
Income Taxes	-	-	-	-	-	-	2,549.75	4,280.44	2,549.75	4,280.44
Net Profit	<b>17,327.83</b>	<b>21,125.82</b>	<b>1,946.46</b>	<b>1,113.29</b>	<b>(9,112.83)</b>	<b>(5,596.26)</b>	<b>(3,487.60)</b>	<b>(5,767.82)</b>	<b>6,673.86</b>	<b>10,875.03</b>
<b>Other Information</b>										
Segment Assets	42,761.62	38,065.82	3,872.26	3,937.04	2,869.34	2,459.57	29,060.21	32,850.98	78,563.43	77,313.41
Segment Liabilities	7,649.40	9,813.34	337.11	324.79	2,372.38	1,900.92	653.93	699.55	11,012.82	12,738.60
Capital Expenditure	14,967.11	2,112.40	-	-	800.76	297.64	-	-	15,767.87	2,410.03
Depreciation	1,536.96	998.94	67.54	89.31	723.25	1,243.63	67.54	89.31	2,395.29	2,421.20

#### (C) Geographical Information:

Particulars	Revenue		Location of Assets		Additions to Fixed Assets	
	For the year ended 31st March, 2016	For the year ended 31st March, 2015	For the year ended 31st March, 2016	For the year ended 31st March, 2015	For the year ended 31st March, 2016	For the year ended 31st March, 2015
INDIA	3,163.91	4,095.40	44,311.50	28,992.68	15,766.40	2,410.03
U S A	9,129.30	9,150.83	60.44	58.97	1.47	-
EUROPE	34,470.85	35,577.22	-	-	-	-
OTHERS	3,264.13	3,262.05	-	-	-	-
	<b>50,028.19</b>	<b>52,085.50</b>	<b>44,371.94</b>	<b>29,051.65</b>	<b>15,767.87</b>	<b>2,410.03</b>

### 38 RELATED PARTY DISCLOSURES

List of and relationship with related parties with whom transactions have taken place during the year :

Holding Company	M/s. Jasti Property and Equity Holdings Private Limited
Wholly owned subsidiary	M/s. Suven Inc.
Key Managerial Personnel	Mr. Venkateswarlu Jasti ( Chairman & CEO)
	Mrs. Sudha Rani Jasti ( Whole-time Director)
	Mr. P. Subba Rao (Chief Financial Officer)
	Mr. Hanumatha Rao (Company Secretary)
Relative of Key Managerial Personnel	Ms. Kalyani Jasti ( Daughter of Mr.Venkateswarlu Jasti)
	Ms. Sirisha Jasti (Daughter of Mr. Venkateswarlu Jasti)
Jointly controlled entity	Suven Trust

Particulars	Key Managerial Personnel		Relative of Key Managerial Personnel		Jointly controlled entity		Wholly owned Subsidiary		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Remuneration/ Salary	571.17	505.86	168.92	114.10	-	-	-	-	740.09	619.96
Corporate Social Responsibility	-	-	-	-	133.01	126.24	-	-	133.01	126.24
Investment	-	-	-	-	-	-	2,298.10	-	2,298.10	-
<b>Balance outstanding</b>										
Remuneration/ Salary	190.65	237.95	-	0.89	-	-	2,298.10	-	2,488.75	238.84

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in lakhs in Indian Rupees, unless otherwise stated)

## 39 VALUE OF IMPORTS ON C I F BASIS

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Raw Materials	5,053.75	5,030.38
Packing Materials	12.01	241.19
Components and Spare Parts	805.95	332.84
Capital Equipment	236.53	420.25
	<b>6,108.24</b>	<b>6,024.66</b>

## 40 EXPENDITURE IN FOREIGN CURRENCY

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Travel	155.49	73.99
Dividend	70.19	105.20
Sales Commission	147.21	103.85
Foreign Branch Expenses	599.56	488.87
Research & Development Expenses	2,270.33	1,652.91
	<b>3,242.78</b>	<b>2,424.82</b>

## 41 VALUE OF IMPORTED AND INDIGENEOUS RAW MATERIALS, STORES AND SPARES CONSUMED AND PERCENTAGE OF EACH TO TOTAL CONSUMPTION

Particulars	For the year ended 31st March, 2016		For the year ended 31st March, 2015	
	Value	% to Total	Value	% to Total
<b>Raw Materials</b>				
Imported	3,564.71	20.41%	2,003.52	11.51%
Indigenous	13,904.28	79.59%	15,409.47	88.49%
<b>Total</b>	<b>17,468.99</b>	<b>100.00%</b>	<b>17,412.99</b>	<b>100.00%</b>
<b>Packing Materials</b>				
Imported	71.29	18.94%	164.85	52.87%
Indigenous	305.09	81.06%	146.94	47.13%
<b>Total</b>	<b>376.38</b>	<b>100.00%</b>	<b>311.79</b>	<b>100.00%</b>
<b>Stores and Spares</b>				
Imported	805.94	46.90%	332.84	27.59%
Indigenous	912.58	53.10%	873.67	72.41%
<b>Total</b>	<b>1,718.52</b>	<b>100.00%</b>	<b>1,206.51</b>	<b>100.00%</b>

## 42 DIVIDEND REMITTANCES IN FOREIGN CURRENCY

Year of remittance	On account of Financial Year	Number of non-resident shareholders	No. of shares held	Amount of dividend
2015/2016	2014/2015	5	3,509,388	70.19
2014/2015	2013/2014	7	4,207,900	105.20

## 43 EARNINGS IN FOREIGN CURRENCY

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
FOB Value of Exports	43,704.54	45,898.47
Royalty and Other Services	2,960.15	1,895.11
	<b>46,664.69</b>	<b>47,793.58</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in lakhs in Indian Rupees, unless otherwise stated)

### 44 Additional information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as subsidiary/Associates

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
<b>Parent</b>				
Suven Life Sciences Ltd.	105%	62,364.41	14%	949.68
Subsidiaries:				
<b>Suven Inc.</b>	-1%	(520.66)	-42%	(2,823.12)
Minority Interests in all subsidiaries	-	-	-	-

### Salient features of financial statements of subsidiary/associates as per the Companies Act, 2013.

Name of the subsidiary	: Suven Inc.
Reporting currency	: USD
Share capital	: USD 3,430,000
Reserves & surplus	: USD ( 4,213,611)
Total assets	: USD 105,442
Total liabilities	: USD 889,053
Investments	: Nil
Turnover / Total Income	: Nil
Profit/(loss) before taxation	: USD (4,213,611)
Provision for Taxation	: Nil
Profit/ (loss) after taxation	: USD (4,213,611)
Proposed dividend	: Nil
% of share holding	: 100%

45 Previous year figures have been regrouped and reclassified wherever considered necessary to conform to this year's classifications.

As per our report of even date  
for **KARVY & CO.**  
Chartered Accountants  
Firm registration number: 001757S

for and on behalf of the Board of Directors of  
**SUVEN LIFE SCIENCES LIMITED**

**SANJEEV KUMAR SREEPATHI**  
Partner  
Membership No. 209145

**VENKATESWARLU JASTI**  
Chairman & CEO  
DIN: 00278028

Place: Hyderabad  
Date: 27th May, 2016

**P. SUBBA RAO**  
Chief Financial Officer  
Membership No. A11342

**K. HANUMANTHA RAO**  
Company Secretary  
Membership No. A11599

## Notes





## Notes

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## Notes

## Notes

# Corporate Information

## Board of Directors

Shri Venkateswarlu Jasti  
Smt Sudha Rani Jasti  
Dr M R Naidu  
Dr K V Raghavan  
Shri D G Prasad  
Prof Seyed E Hasnain  
Shri M Gopalakrishna, IAS (Retd.)

Chairman & CEO  
Whole-time Director  
Director  
Director  
Director  
Director  
Director

## Chief Financial Officer

CMA P Subba Rao

## Company Secretary

CS K Hanumantha Rao

## Statutory Auditors

**Karvy & Co.,**  
Chartered Accountants  
No.2, Bhooma Plaza, Street No.4  
Avenue 7, Banjara Hills, Hyderabad – 500 034

## Secretarial Auditors

**DVM Gopal & Associates**  
Company Secretaries  
# 6/3/154-159, Flat No. 303, 3rd Floor,  
Royal Majestic, Prem Nagar Colony, Hyderabad – 500 004

## Internal Auditors

**Vemulapalli & Co.,**  
Chartered Accountants  
H. No. 14-1-90/435, Sai Dwarakamai, 1st Floor, Gayatri Nagar Colony,  
Allapur, Borabanda, Hyderabad – 500 038

## Registrars & Share Transfer Agents

**Karvy Computershare Pvt. Ltd.**  
Karvy Selenium, Tower B, Plot 31-32,  
Gachibowli, Financial District,  
Nanakramguda, Hyderabad – 500 032

## Bankers

State Bank of India  
Bank of Bahrain & Kuwait

## Manufacturing Facilities

**Unit – 1:** Dasaigudem (V), Suryapet (M)  
Nalgonda Dist, Telangana – 508 213  
**Unit – 2:** Plot No.18, Phase III, IDA  
Jeedimetla, Hyderabad, Telangana – 500 055  
**Unit – 3:** Plot No(s). 262- 264 & 269 – 271, IDA,  
Pashamylaram, Medak Dist. Telangana – 502 307  
**Unit – 4:** Plot No(s). 65 – 67, JN Pharmacy,  
Parwada, Visakhapatnam, Andhra Pradesh – 531 019

## Research and Development Centre(s)



**Research Centre – I**  
Plot No.18, Phase III, IDA Jeedimetla,  
Hyderabad, Telangana – 500 055  
**Research Centre – II**  
Bio-Pharmaceutical Lab  
Plot No(s). 267- 268, IDA Pashamylaram,  
Medak Dist. Telangana – 502 307  
**Research Centre – III**  
Formulation Development Centre  
Plot No(s). 265 to 268, APIIC, IDA  
Pashamylaram, Medak Dist, Telangana-502 307

## Registered Office

# 8-2-334 I SDE Serene Chambers I 6th Floor I Road No.5 I Avenue 7 I Banjara Hills  
Hyderabad – 500 034 I Telangana I India I CIN: L24110TG1989PLC009713  
Tel: 91 40 2354 1142/ 3311/ 3315, Fax: 91 40 2354 1152, Email: [info@suven.com](mailto:info@suven.com), website: [www.suven.com](http://www.suven.com)

A **TRISYS** PRODUCT

[info@trisyscom.com](mailto:info@trisyscom.com)

 [www.kalajyothi.com](http://www.kalajyothi.com) 



**SUVEN LIFE SCIENCES LIMITED**  
**27TH ANNUAL REPORT**

CIN: L24110TG1989PLC009713  
SDE SERENE CHAMBERS, ROAD NO. 5,  
AVENUE 7, BANJARA HILLS, HYDERABAD - 500034