

Independent Auditor's Report

To the Members of
Kopran Research Laboratories Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Kopran Research Laboratories Limited ("the Company"), which comprise the Balance Sheet as at March 31, 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 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 Companies Act, 2013, 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 control, 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 provision 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 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 accounting policies used and the reasonableness of the accounting estimates made by the Company 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 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements.

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure "A" statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e. On the basis of written representations received from the Directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164 (2) of the Act.
 - f. With respect to the adequacy of the internal financial control over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
 - 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 explanation given to us:
 - i. The company has disclosed the impact of pending litigations on its financial position in its financial statements –Refer Note 29 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts, which were required to be transferred, to the Investor Education and Protection Fund by the Company.

For **GMJ & Co.**

Chartered Accountants

Firm Registration Number: 103429W

Haridas Bhat

Partner

Membership Number: 039070

Mumbai

May 28, 2016



Annexure A to the Independent Auditor's Report

(Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date)

- i. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. According to the information and explanations given to us, the Fixed Assets have been physically verified by the management during the year, no material discrepancies were noticed on such verification with book records. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and nature of its assets
- c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deed of leasehold land is held in the name Kopran Limited (holding company). Pursuant to Slump Sale, the Company has received the assignment of lease from holding company for which necessary lease assignment and registration process are yet to be completed.
- ii. The management has conducted physical verification of inventory at regular intervals during the year. In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between physical stocks and the book records were not material having regard to the size of the operations of the company.
- iii. The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under section 189 of the, Companies Act, 2013. Therefore, paragraph 3 (iii) of the Order is not applicable.
- iv. In our opinion and according to the information and explanations given to us and based on our examination of the records, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to guarantee given.
- v. The Company has not accepted any deposits from the public.
- vi. The Central Government has prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act 2013. According to the information and explanations and based on our examination of the records, such accounts and records have been so made and maintained.
- vii. a. According to the information and explanations given to us and on the basis of our examination of the records of the Company is generally regular in depositing with appropriate authority the amounts deducted/ accrued in the books of accounting respect of undisputed statutory dues including Profession Tax, Provident Fund, Employees State Insurance, Income-tax, Service-tax, cess, custom duty, excise duty and other statutory dues, as applicable. There are no undisputed amounts payable in respect of duty of customs, value added tax, cess and other statutory dues were outstanding as at March 31, 2016, for a period of more than six months from the date they became payable.



- b. Details of dues of Excise Duty and Service Tax which have not been deposited as at March 31, 2016 on account of dispute are given below:

Name of the Statute	Nature of the dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act	Excise Duty	313,527	2012-13	Joint Secretary of Government of India Ministry of Finance
Central Excise Act	Excise Duty	1,502,439	2012-13	Commissioner of Central Excise
Finance Act, 1994	Service Tax	109,819	2011-12	Central Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	109,672	2014-15	Central Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	30,159	2014-15	Assistant Commissioner

- viii. According to the information and explanations given to us, the Company has not defaulted in repayment of dues to its banker. The company did not borrow any money by way of debenture issues. The company had not taken loans from any financial institution during the year.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instrument) and term loans during the year. Therefore, paragraph 3 (ix) of the Order is not applicable.
- x. According to the information and explanations given to us, no material fraud by the company or on the Company by its officer or employees has been noticed or reported during the course of our audit
- xi. According to the information and explanation give 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 of the Act.
- xii. In our opinion and according to the information given to us, the Company is not a Nidhi Company. Therefore, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanation give to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 & 188 of the Act where applicable and details have been disclosed in the Financial statements as required by the applicable accounting standard.
- xiv. According to the information and explanation give to us, and based on our examination of the records of the company, the company has made right issue of equity shares during the year in compliance with the requirements of section 42 of the Companies Act, 2013 and the amount raised has been used for the purpose for which the funds were raised.
- xv. The company has not entered into any non-cash transactions with the directors or persons connected with him. Therefore, 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 **GMJ & Co.**

Chartered Accountants (Firm Registration Number: 103429W)

Haridas Bhat (Membership Number: 039070)

Partner

Mumbai, May 28, 2016



Annexure – B to the Auditor’s Report**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 **Kopran Research Laboratories Limited** (“the Company”) as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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 judgments, 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.



Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 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 **GMJ & Co.**

Chartered Accountants

Firm Registration Number: 103429W

Haridas Bhat

Partner

Membership Number: 039070

Mumbai

May 28, 2016



Kopran Research Laboratories Limited

Balance Sheet as at March 31, 2016

(In Rupees)

	Note	As at March 31, 2016	As at March 31, 2015
Equity and Liabilities			
Shareholders' Funds			
Share Capital	2	200,000,000	90,000,000
Reserves and Surplus	3	788,988,374	(163,025,639)
		988,988,374	(73,025,639)
Non-Current Liabilities			
Long-Term Borrowings	4	66,400,000	64,100,000
Deferred Tax Liabilities (Net)	5	-	-
Long-Term Provisions	6	17,571,874	15,783,000
		83,971,874	79,883,000
Current Liabilities			
Short-Term Borrowings	7	311,056,897	329,713,702
Trade Payables	8	243,724,144	328,773,862
Other Current Liabilities	9	119,692,652	1,244,627,130
Short-Term Provisions	10	288,613	273,000
		674,762,306	1,903,387,694
Total		1,747,722,554	1,910,245,055
Assets			
Non-Current Assets			
Fixed Assets			
Tangible Assets	11	975,546,705	1,024,023,812
Intangible Assets		9,236,278	11,545,347
Capital Work-in-Progress		29,416,519	10,432,009
		1,014,199,501	1,046,001,168
Long-Term Loans and Advances	12	8,691,374	3,917,337
		1,022,890,875	1,049,918,505
Current Assets			
Inventories	13	307,129,613	312,464,491
Trade Receivables	14	387,181,172	505,954,001
Cash and Bank Balances	15	1,203,929	76,499
Short-Term Loans and Advances	16	29,316,964	41,831,559
		724,831,678	860,326,550
Total		1,747,722,554	1,910,245,055

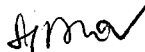
The accompanying Notes are an integral part of these Financial Statements.

As per our report of even date.

For GJM & Co.

Firm Registration Number: 103429W

Chartered Accountants



Haridas Bhat

Partner

Membership No. 039070

Mumbai

May 28, 2016

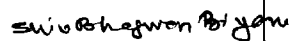
For and on behalf of the Board of Directors of
Kopran Research Laboratories Limited



Chandra M Singhi

Director

DIN : 1793293



Shiv Bhagwan Biyani

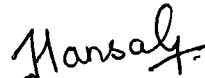
Director

DIN: 7267709



K B Shetty

Chief Financial Officer



Hansa Gaggar

Company Secretary

Kopran Research Laboratories Limited
Statement of Profit and Loss for the year ended March 31, 2016

(In Rupees)

	Note	Year Ended March 31, 2016	Year Ended March 31, 2015
Income :			
Revenue from Operations	17	1,460,711,393	975,000
Less : Excise Duty		88,659,858	
		1,372,051,535	975,000
Other Income	18	16,539,350	10,359
Total Revenue (I)		1,388,590,886	985,359
Expenses :			
Cost of Materials Consumed	19	951,591,665	453,787
Changes in Inventories of Finished Goods, Work-in-Progress	20	(4,208,408)	-
Employee Benefits Expense	21	119,724,224	7,007
Finance Costs	22	25,662,462	1,927
Depreciation and Amortisation Expense		79,672,950	46,109
Other Expenses	23	252,633,980	162,519
Total Expenses (II)		1,425,076,873	671,349
Profit(Loss) Before Tax & Exceptional items (I)-(II)		(36,485,987)	314,011
Exceptional items (Refer Note No.33)		-	189,240,572
Profit (Loss) Before Tax		(36,485,987)	(188,926,562)
Tax Expense			
Current tax		-	-
Deferred Tax		-	-
Profit(Loss) for the Year		(36,485,987)	(188,926,562)
Earnings Per Equity Share [Face Value : Rs. 10 (Previous Year: Rs. 10)]			
Basic and Diluted	24	(2.20)	(37.05)

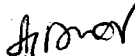
The accompanying Notes are an integral part of these Financial Statements.

As per our report of even date.

For GMJ & Co.

Firm Registration Number: 103429W

Chartered Accountants



Haridas Bhat

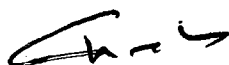
Partner

Membership No. 039070

Mumbai

May 28, 2016

**For and on behalf of the Board of Directors of
Kopran Research Laboratories Limited**



Chandra M Singhi

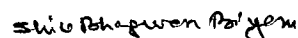
Director

DIN : 1793293



K B Shetty

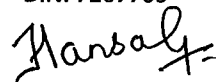
Chief Financial Officer



Shiv Bhagwan Biyani

Director

DIN: 7267709



Hansa Gaggar

Company Secretary

Kopran Research Laboratories Limited
Cash Flow Statement for the year ended March 31, 2016

(In Rupees)

	Year ended March 31, 2016	Year ended March 31, 2015
A. Cash flow from operating activities		
Profit (Loss) Before Tax	(36,485,987)	(188,926,562)
Adjustments for:		
Depreciation	79,672,950	46,109
Interest income	(11,784)	(9,807)
Finance costs	25,662,462	1,927
Liabilities no Longer Required Written Back	-	(552)
Miscellaneous Income	(59,523)	-
Insurance claim received	(1,033,025)	-
Exceptional Items	104,231,079	189,240,572
Operating profit before working capital changes	67,745,092	351,687
Changes in working capital:		
Increase / (Decrease) in Trade payables	(85,049,718)	326,944,163
Increase / (Decrease) in Short-term & Long term pro	1,804,487	16,056,000
Increase / (Decrease) in Other current liabilities	(1,124,934,478)	1,243,142,892
(Increase) / Decrease in Trade receivables	118,772,829	(505,954,001)
(Increase) / Decrease in Inventories	5,334,878	(312,464,491)
(Increase) / Decrease in Short-term and long term loans and advances	7,740,559	(39,223,825)
Operating profit after working capital changes	(1,008,586,352)	728,852,425
Direct taxes paid (net of refund)	-	(97,500)
Net cash from operating activities (A)	(1,008,586,352)	728,754,925
B. Cash flow from investing activities		
Purchase of tangible/ intangible assets (including capital	(47,871,284)	(1,045,802,822)
Interest received	11,784	9,807
Miscellaneous Income	59,523	-
Insurance claim received	1,033,025	-
Net cash used in investing activities (B)	(46,766,952)	(1,045,793,015)
C. Cash flow from financing activities		
Share issued During the year	1,100,000,000	400,000,000
Share Issue Expenses	(1,500,000)	(1,425,000)
Interest and financial charges paid	(25,662,462)	(1,927)
Proceeds / (Repayment) Long-term & Short Term borrowings (Net)	(16,356,805)	(81,588,207)
Net cash from financing activities (C)	1,056,480,733	316,984,866
equivalents (A+B+C)	1,127,430	(53,224)
Cash and cash equivalents at the beginning of the year	76,499	129,722
Cash and cash equivalents at the end of the year	1,203,929	76,499
Net increase/ (decrease) in cash and cash equivalents	1,127,430	(53,223)
Cash and cash equivalents comprise of:		
Cash on Hand	214,747	37,898
Bank Balances:		
In Current Accounts	490,829	38,601
In Fixed Deposits with original maturity less than 3 months	498,353	-
Cash and cash equivalents at the end of the year	1,203,929	76,499

Notes:

- Figures in brackets indicate cash outgo.
- Previous year's figures have been regrouped/ rearranged wherever necessary.

As per our report of even date.

For GMJ & Co.

Firm Registration Number: 103429W

Chartered Accountants



Haridas Bhat

Partner

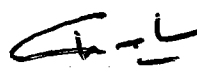
Membership No. 039070

Place: Mumbai

May 28, 2016

For and on behalf of the Board of Directors

Kopran Research Laboratories Limited



Chandra M Singhi

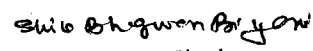
Director

DIN : 1793293



K B Shetty

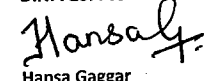
Chief Financial Officer



Shiv Bhagwan Biyani

Director

DIN: 7267709



Hansa Gaggur

Company Secretary

Kopran Research Laboratories Limited

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

1 Summary of Corporate information & Significant Accounting Policies

1.1 Corporate information

Kopran Research Laboratories Ltd (KRLL) (the "Company") is an emerging research organisation with particular interests in the areas of drug discovery, polymer technology and synthesis of new molecules. Also carry the business of Manufacturing API & Bulk drug.

KRLL is a Wholly owned subsidiary of Kopran Ltd.

1.2 Significant Accounting Policies

(a) Basis of Accounting and Preparation of Financial Statements

The Financial Statements have been prepared in accordance with the Generally Accepted Accounting Principles in India ("Indian GAAP") to comply with the Accounting standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant provisions of the Companies Act, 2013 and other accounting pronouncements of the Institute of Chartered Accountants of India. The financial statements have been prepared under historical cost convention and on accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

(b) Use of Estimates

The presentation of financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may diverge from these estimates.

(c) Fixed Assets, Depreciation and Amortisation

(i) Fixed assets are stated at cost less accumulated depreciation, amortisation and impairment losses, if any. Cost includes inward freight, taxes and expenses incidental to acquisition and installation, up to the point the asset is ready for its intended use.

(ii) Capital work in progress represents expenditure incurred in respect of capital projects under development and are carried at cost. Cost includes related acquisition expenses, construction cost, borrowing costs (In accordance with the Accounting Standard 16 on 'Borrowing Costs') capitalized and other direct expenditure.

(iii) Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

(d) Intangible Assets

Intangible assets are recognised only when it is probable that the future economic benefits that are attributable to the asset will flow to the Company and the cost of such assets can be measured reliably. Intangible assets are stated at cost less accumulated amortization and impairment loss, if any. All costs relating to the acquisition are capitalized. Intangible assets are amortized over the useful life of the asset.

(e) Impairment of Assets

The carrying amounts of the Company's assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of the assets (or where applicable, that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation, if there was no impairment.

(f) Borrowing Cost

Borrowing costs attributable to the acquisition or construction of qualifying assets, as defined in Accounting Standard 16 on 'Borrowing Costs', are capitalized as part of the cost of qualifying assets. Other borrowing costs are expensed

(g) Investments

The Company classifies all its investments as "Long Term" in accordance with Accounting Standard 13 on "Accounting for Investments." Long-term investments are stated at cost. However, provision is made to recognize a decline, other than temporary, in the value of investments.

(h) Inventories

Items of inventories are measured at lower of cost or net realisable value. Cost of Raw Materials, Stores & Spares and Packing Materials is determined using First in First out (FIFO) method. Cost of Work-in-Process and Finished Goods is determined on absorption costing method.

(i) Research and Development

Research and Development expenditure is recognized in the Profit and Loss Account as and when incurred. Capital expenditure, if any is shown under respective head of fixed assets.

(j) Foreign Currency Transactions

Initial recognition - Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on the date of the transaction.

Conversion - Monetary assets and liabilities denominated in foreign currency are converted at the rate of exchange prevailing on the date of the Balance Sheet.

Exchange differences - Exchange differences arising on the settlement of monetary items or on reporting the Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

(k) Employee Benefits

1. Defined Contribution Plan : Company's contribution paid/payable during the year to Provident Fund, ESIC and Labour Welfare Fund are charged to statement of Profit and Loss Account.

2. Defined Benefit Plan : Company's liabilities towards gratuity and leave encashment are determined using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past services are recognised on a straight line basis over the average period until the amended benefits become vested. Actuarial gain and losses are recognised immediately in the statement of Profit and Loss account as income or expense. Obligation is measured at the present value of estimated future cash flow using a discounted rate that is determined by the reference to market yields at the Balance Sheet date on Government bonds where the currency and terms of Government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

(l) Excise and Customs duty

1. Excise and Customs duty payable in respect of Finished Goods lying at factory / bonded premises are provided for and included in the valuation of inventory.

2. CENVAT credit of Excise Duty availed during the year is accounted for by reducing purchase cost of the materials and is adjusted against excise duty payable on clearance of goods produced.

(m) Revenue Recognition

1. Sales of Products and Services

Sales comprise of sale of goods and services, net of trade discounts and include excise duty.

2. Dividend

Dividend is recognised when the company's right to receive the payment is established .

3. Other Income

Other Income is accounted on accrual basis except where the receipt of income is uncertain, it is accounted on receipt basis.

Interest income is accounted on a time proportion basis.

(n) Prior Period Items

Prior period expenses / income is accounted under the respective head of expenses / income account, Material items, if any, are disclosed separately by way of a note.

(o) Taxes on Income

The provision for current taxation is computed in accordance with the relevant tax regulations. Deferred tax is recognised on timing differences between the accounting and taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as at the Balance Sheet date. Deferred tax assets in respect of unabsorbed depreciation and carry forward losses under tax laws are recognised and carried forward to the extent there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised in future. Other deferred tax assets are recognised only to the extent there is a reasonable certainty of realisation in future. Such assets are reviewed at each Balance Sheet date to reassess realisation.

Deferred tax in respect of timing differences which originate and reverse during the tax holiday period is not recognized to the extent to which the Company's gross total income is subject to deduction during the tax holiday period.

(p) Earnings Per Share

The earnings considered in ascertaining the Company's earnings per share comprise the net profit after tax. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share, and also the weighted average number of shares, if any which would have been issued on the conversion of all dilutive potential equity shares.

(q) Provisions and Contingent Liabilities

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates. Provisions are recognised in the financial statements in respect of present probable obligations, for amounts which can be reliably estimated.

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company.

(r) Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into cash and have original maturities of three months or less from the date of purchase, to be cash equivalents.

Kopran Research Laboratories Limited
Notes to Financial Statements for the year ended March 31, 2016
(In Rupees)

2 Share Capital	March 31, 2016	March 31, 2015
Authorised		
2,00,00,000 (Previous Year: 90,00,000) Equity Shares of ₹ 10 each	200,000,000	90,000,000
Issued		
2,00,00,000 (Previous Year: 90,00,000) Equity Shares of ₹ 10 each	200,000,000	90,000,000
Subscribed and Paid up		
2,00,00,000 (Previous Year: 90,00,000) Equity Shares of ₹ 10 each fully paid-up	200,000,000	90,000,000
	200,000,000	90,000,000

(a) Reconciliation of number of shares	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	In `	No. of Shares	In `
Equity Shares:				
Balance as at the beginning of the year and at the end of the year	9,000,000	90,000,000	5,000,000	50,000,000
Add: Shares issued during the year	11,000,000	110,000,000	4,000,000	40,000,000
Balance as at the end of the year	<u>20,000,000</u>	<u>200,000,000</u>	<u>9,000,000</u>	<u>90,000,000</u>

(b) Rights, preferences and restrictions attached to shares

The Company has one class of equity shares having a par value of ` 10 per share. Each shareholder is eligible for one vote per shareheld. The equity shareholders are entitled for dividend as may be proposed by the Board of Directors and approved by the shareholders in the Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Share in the company held by holding company or their subsidiary:

Shares of the Company are held by holding company and fellow subsidiary of the holding Company.

(d) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company :-

Equity Shares	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	% holding	No. of Shares	% holding
Kopran Limited	19,900,000	99.50%	8,900,000	98.89%
Kopran Life science Ltd *	100,000	0.50%	100,000	1.11%
	<u>20,000,000</u>	<u>100.00%</u>	<u>9,000,000</u>	<u>100.00%</u>

*Wholly owned subsidiary of Kopran Ltd.

Kopran Research Laboratories Limited**Notes to Financial Statements for the year ended March 31, 2016****(In Rupees)**

3 Reserves and Surplus	March 31, 2016	March 31, 2015
	In	In
Securities Premium		
Balance as at the beginning of the year	358,578,150	3,150
Add: Premium received during the year	990,000,000	360,000,000
Less:- Share Issue Expenses	(1,500,000)	(1,425,000)
Balance as at the end of the year	1,347,078,150	358,578,150
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	(521,603,789)	(313,590,979)
Add :- Profit for the year	(36,485,987)	(188,926,562)
Add: Depreciation charge on transition to schedule II of the Companies Act, 2013	-	(19,086,248)
Balance as at the end of the year	(558,089,776)	(521,603,789)
Total	788,988,374	(163,025,639)
4 Long-Term Borrowings	March 31, 2016	March 31, 2015
(Unsecured)		
from Related Parties:		
i) Holding Company	-	-
ii) Directors *	66,400,000	64,100,000
Total	66,400,000	64,100,000
* The above borrowing is repayable commencing from April 01, 2018.		
5 Deferred Tax Liabilities	March 31, 2016	March 31, 2015
Deferred Tax Liabilities:		
Depreciation	19,479,116	3,416,893
Deferred Tax Assets:		
Provision for Doubtful Debts	-	-
Unabsorbed Depreciation & Business Loss adjusted for timing difference	55,774,688	29,809,539
Disallowances u/s Income tax Act,1961	5,518,890	5,457,434
	61,293,578	35,266,973
Deferred tax assets recognised to extent of Deferred tax liabilities	19,479,116	3,416,893
Deferred Tax Liabilities	-	-
6 Long-Term Provisions	March 31, 2016	March 31, 2015
Provision for Employee Benefits:		
Provision for Gratuity	13,875,822	12,640,000
Provision for Compensated Absences	3,696,052	3,143,000
Total	17,571,874	15,783,000
7 Short-Term Borrowings	March 31, 2016	March 31, 2015
Secured		
Cash Credit / Packing Credit - Refer Note (a)	258,352,233	250,000,000
Buyers Credit - Refer Note (a)	52,704,664	79,713,702
Total	311,056,897	329,713,702

(a) Cash Credit / Packing Credit & Buyers Credit

Cash credit / Packing credit facilities availed from banks are secured by hypothecation of inventories and book debts (present and future) also second charge by way of mortgage on all immoveable properties and by way of hypothecation on all the moveable fixed assets of the company both present and future and guaranteed by director / promoter jointly and severally. The said facility is repayable on demand.

The limits were sanctioned in the name of holding company have since been bifurcated, assessed and sanctioned by the banks in favour of the Company. Necessary documentation on transfer of limits in favour of the company are yet to be executed.

	March 31, 2016	March 31, 2015
8 Trade Payables		
Sundry Creditors (Refer Note 34)	243,724,144	328,773,862
Total	243,724,144	328,773,862
9 Other Current Liabilities		
Advances from Customers	1,753,765	6,946,722
Security Deposits	2,750,000	2,750,000
Statutory Dues (including Provident Fund and Tax Deducted at Source)	5,875,315	659,162
Interest Accrued but not Due	170,461	71,048
Others		
Payable to Holding company	-	1,108,131,805
Creditors for Capital goods	14,094,088	19,280,584
Employees Related	21,135,062	20,320,174
Others	73,913,961	86,467,635
Total	119,692,652	1,244,627,130
10 Short-Term Provisions		
Provision for employee benefits:		
Provision for Gratuity (Ref. Note No. 26)	224,689	218,000
Provision for Compensated Absences (Ref. Note No. 26)	63,924	55,000
Total	288,613	273,000
12 Long-Term Loans and Advances		
[Unsecured, Considered Good (unless otherwise stated)]		
Capital Advances	2,093,513	1,491,399
Security Deposits	4,742,508	1,539,543
Balances with Government Authorities	250,916	273,900
Others Loans and Advances :		
Loans to employees	1,412,834	253,384
Prepaid expenses	191,603	359,111
Total	8,691,374	3,917,337
13 Inventories *		
Raw Materials (Includes Stocks In Transit)	132,471,180	142,997,042
Work-in-Process	131,679,452	146,263,500
Finished Goods	24,724,910	5,932,454
Stores & Spares	14,305,742	13,052,891
Packing Materials	3,948,329	4,218,604
Total	307,129,613	312,464,491

*The Stock as on March 31,2015 is received on account of Slump Sale from Holding Company (Kopran Limited).

Kopran Research Laboratories Limited
Note No. 11 Fixed Assets

Amount in Rs.

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01-Apr-15	Additions during the Period	Deletion During the Period	As at 31-Mar-16	Up to 01-Apr-15	For the Period	For deletion During the Quarter	As at 31-Mar-16	As at 31-Mar-16	As at 31-Mar-15
Tangible										
Land Leasehold	64,800,000	789,300	-	65,589,300	-	879,376	-	879,376	64,709,924	64,800,000
Building	118,946,812	5,681,761	-	124,628,573	-	3,844,301	-	3,844,301	120,784,272	118,946,812
Plant & Machinery	837,250,261	20,315,729	-	857,565,990	-	71,051,389	-	71,051,389	786,514,601	837,250,261
R & D Equipment	81,069,684	63,650	-	81,133,334	80,871,338	61,333	-	80,932,671	200,663	198,346
Furniture & Fixture	2,649,902	1,732,376	-	4,382,278	957,088	391,991	-	1,349,079	3,033,199	1,692,814
Office Equipment	466,920	8,100	-	475,020	-	444,426	-	444,426	30,594	466,920
Computers	640,840	295,858	-	936,698	328,020	353,018	-	681,038	255,660	312,820
Vehicles	954,893	-	-	954,893	599,054	338,047	-	937,101	17,792	355,839
Total	1,106,779,312	28,886,774	-	1,135,666,086	82,755,500	77,363,880	-	160,119,380	975,546,705	1,024,023,812
Intangible										
Goodwill	11,545,347	-	-	11,545,347	-	2,309,069	-	2,309,069	9,236,278	11,545,347
Intellectual Property	142,800,000	-	-	142,800,000	142,800,000	-	-	142,800,000	-	-
Total	154,345,347	-	-	154,345,347	142,800,000	2,309,069	-	145,109,069	9,236,278	11,545,347
Grand Total	1,261,124,659	28,886,774	-	1,290,011,433	225,555,500	79,672,950	-	305,228,450	984,782,983	1,035,569,159
Previous Year	225,753,846	1,035,370,813	-	1,261,124,659	206,423,143	46,109	-	225,555,500	1,035,569,159	-

Kopran Research Laboratories Limited

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

(In Rupees)

14 Trade Receivables	March 31, 2016	March 31, 2015
Unsecured, considered good:		
Outstanding for a period exceeding six months from the date they are due for payment		16,156,470
Others - Outstanding for a period of less six months	387,181,172	489,797,531
Unsecured, considered doubtful:		
Outstanding for a period exceeding six months from the date they are due for payme	8,091,542	20,391,542
Less: Provision for Doubtful Debts	(8,091,542)	(20,391,542)
Total	387,181,172	505,954,001
15 Cash and Bank Balances	March 31, 2016	March 31, 2015
Cash and Cash Equivalents		
Cash on Hand	214,747	37,898
Bank Balances in :		
Current Accounts	490,829	38,601
Other Bank Balances		
Margin Money Deposits (with Original Maturity up to 12 Months)	498,353	
Total	1,203,929	76,499
16 Short-Term Loans and Advances	March 31, 2016	March 31, 2015
[Unsecured, Considered Good]		
Balance with statutory/ government authorities	15,460,322	34,966,180
Other Loans and Advances:		
Loan to Employees	312,200	1,113,056
Prepaid Expenses	2,827,254	3,190,854
Others	10,717,188	2,561,469
Total	29,316,964	41,831,559
17 Revenue from Operations	March 31, 2016	March 31, 2015
Sale of products *	1,443,261,488	-
Other operating income		
Scrap sales	1,045,768	-
Other	16,404,137	975,000
Revenue from operations	1,460,711,393	975,000
* Sale of products		
Bulk Drugs	1,443,261,488	-
Total	1,443,261,488	975,000
18 Other Income	March 31, 2016	March 31, 2015
Interest Income		
On Fixed Deposit	6,908	9,807
Others	4,876	-
Provision for doubtful debts written back	12,300,000	-
Liabilities written back	36,983	552
Foreign exchange gain (net)	3,098,035	-
Insurance Claim	1,033,025	-
Miscellaneous Income	59,523	-
Total	16,539,350	10,359

	March 31, 2016	March 31, 2015
19 Cost of Materials Consumed		
Raw Material Consumption:		
Opening Stock	142,997,042	-
Add: Purchases / Stock Transfer	920,406,363	143,450,829
	1,063,403,405	143,450,829
Less : Closing Stock	132,471,180	142,997,042
	930,932,225	453,787
Packing Materials Consumption:		
Opening Stock	4,218,604	-
Add: Purchases / Stock Transfer	20,389,165	-
	24,607,769	-
Less : Closing Stock	3,948,329	-
	20,659,440	-
Total	951,591,665	453,787
Raw Material Consumption:		
1) 7 A.C.A.	162,376,983	-
2) CEFEPIME	51,756,500	-
3) P.H.A.P	103,832,403	-
4) Azithromycin Amine	70,264,030	-
5) S - 6 (MAEM)	68,862,807	-
6) Meropenem	54,928,502	-
7) Others	418,911,000	-
	930,932,225	-
20 Changes in inventories of finished goods and work in progress	March 31, 2016	March 31, 2015
Stock at the end of the year:		
Finished Goods	24,724,910	-
Work-in-progress	131,679,452	-
	156,404,362	-
Stock at the beginning of the year: *		
Finished Goods	5,932,454	-
Work-in-progress	146,263,500	-
	152,195,954	-
(Increase)/ Decrease in Stocks	(4,208,408)	-
Details of Inventory		
Finished goods		
Bulk Drugs	24,724,910	-
	24,724,910	-
Work in progress		
Bulk Drugs	131,679,452	-
	131,679,452	-
* The Opening inventory as on April 01, 2015 has been transferred from Holding Company (Kopran Limited) on Slump Sale.		
21 Employee Benefits Expense	March 31, 2016	March 31, 2015
Salaries, Wages and Bonus	106,411,561	-
Contribution to Provident and Other Funds	5,513,512	7,007
Staff Welfare Expenses	7,799,151	-
Total	119,724,224	7,007
22 Finance Costs	March 31, 2016	March 31, 2015
Interest expense	19,876,797	404
Other borrowing cost	5,785,665	1,523
Total	25,662,462	1,927

Kopran Research Laboratories Limited

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

(In Rupees)

23 Other Expenses	March 31, 2016	March 31, 2015
Stores and Spares consumed	37,584,626	-
Power and Fuel	96,659,295	-
Repairs and Maintenance :		
Building	7,611,116	-
Machinery	13,078,597	-
Others	1,731,255	-
Insurance	3,738,133	-
Job Work charges	12,900,840	-
Commission on Sales	15,951,025	-
Selling and Distribution Expenses	5,791,986	-
Packing, Freight and Forwarding	17,530,681	-
Payment to Auditors :		
Statutory Audit fees	300,000	150,000
Tax Audit fees	100,000	-
Printing and Stationery	2,021,336	-
Postage, Telegram and Telephone	794,458	-
Travelling and Conveyance	7,066,833	-
Legal and Professional Fees	4,414,034	-
Rates and taxes	1,523,795	8,883
Labour Charges	6,810,999	-
Sundry Balances written off	3,193	136
Excise Duty on closing stk	2,088,050	-
Miscellaneous Expenses	14,933,728	3,500
Total	252,633,980	162,519

Kopran Research Laboratories Limited
Notes to Financial Statements for the year ended March 31, 2016
(In Rupees)
24 Computation of Earnings per Share (Basic and Diluted):

The number of shares used in computing Basic and Diluted Earnings Per Share is the weighted average number of shares outstanding during the year.

Particulars	March 31, 2016	March 31, 2015
I. Profit Computation for both Basic and Diluted Earnings Per Share of ₹ 10 each: Net Profit as per the Statement of Profit and Loss available for Equity	(36,485,987)	(188,926,562)
II. Weighted average number of Equity Shares for Earnings Per Share Number of shares for Basic and Diluted Earnings Per Share	16,594,521	5,098,630
III. Earnings Per Share:		
Basic (in ₹)	(2.20)	(37.05)
Diluted (in ₹)	(2.20)	(37.05)

25 Value of imported and indigenous materials consumed

	March 31, 2016		March 31, 2015	
	in Lacs	%	in Lacs	%
a Raw Materials				
Imported	689,655,945	74.08%	-	-
Local	241,276,280	25.92%	-	-
Total	930,932,225	100.00%	-	-
Stores and Spares	37584626	100.00%	-	-
	37584626	100.00%	-	-
b CIF Value of Imports			March 31, 2016	March 31, 2015
Raw Materials			630,034,360	-
Capital Goods (including Capital Work-in-Progress)			2,169,454	-
Total			632,203,814	-
c Expenditure in Foreign Currency			March 31, 2016	March 31, 2015
Commission			9,546,866	-
Legal & Professional Charges			133,974	-
Bank Interest on Buyers Credit			651,580	-
Export Promotion Expenses			1,885,860	-
Travelling Expenses			2,687,377	-
Plant Inspection Charges			1,159,691	-
Others			226,812	-
Total			16,292,160	-
d Earnings in Foreign Currency			March 31, 2016	March 31, 2015
FOB Value of Exports			533,679,901	-
Total			533,679,901	-

The following transactions were carried out during the year with the related parties in the ordinary course of business: (Amount in Rs.)

Nature of Transaction	Parties referred to in (i) above		Parties referred to in (ii) above		Parties referred to in (iii)		Total	
	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015
Loan Received								
Kopran Limited	-	3,829,898	-	-	-	-	-	3,829,898
Mrs Vandana Somani	-	-	2,300,000	-	-	64,100,000	2,300,000	64,100,000
Total	-	3,829,898	2,300,000	-	-	64,100,000	2,300,000	67,929,898
Purchases								
Kopran Limited	215,870,837	-	-	-	-	-	215,870,837	-
Oricon Enterprises Limited	-	-	-	-	201,586,110	-	201,586,110	-
Kopran Laboratories Ltd	-	-	-	-	117,047,514	-	117,047,514	-
Total	215,870,837	-	-	-	318,633,624	-	534,504,461	-
Purchase of Fixed Assets								
Kopran Limited	4,772,473	-	-	-	-	-	4,772,473	-
Total	4,772,473	-	-	-	-	-	4,772,473	-
Sales								
Kopran Limited	67,626,219	-	-	-	-	-	67,626,219	-
Total	67,626,219	-	-	-	-	-	67,626,219	-
Repayment of Loan taken								
Kopran Limited	8,131,805	68,600,000	-	-	-	-	8,131,805	68,600,000
Total	8,131,805	68,600,000	-	-	-	-	8,131,805	68,600,000
Miscellaneous Expenses								
Oricon Enterprises Limited	-	-	-	-	133,838	-	133,838	-
Total	-	-	-	-	133,838	-	133,838	-
Slum Sale -Mahad Unit								
Kopran Limited	-	1,100,000,000	-	-	-	-	-	1,100,000,000
Total	-	1,100,000,000	-	-	-	-	-	1,100,000,000
Share Issued to								
Kopran Limited (Conversion of Loan)	1,100,000,000	400,000,000	-	-	-	-	1,100,000,000	400,000,000
Total	1,100,000,000	400,000,000	-	-	-	-	1,100,000,000	400,000,000
Remuneration								
Chandra M Singhi	-	-	2,659,226	-	-	-	2,659,226	-
K B Shetty	-	-	71,250	-	-	-	71,250	-
Shiv Bhagwan Biyani	-	-	970,839	-	-	-	970,839	-
Total	-	-	3,701,315	-	-	-	3,701,315	-
Balance Payable/ (Receivable) as at 31 March 2016								
Kopran Limited	(30,590,159)	1,108,131,805	-	-	-	-	(30,590,159)	1,108,131,805
Mrs Vandana Somani	-	-	66,400,000	64,100,000	-	-	66,400,000	64,100,000
Oricon Enterprises Ltd	-	-	-	-	65,423,839	70,704,549	65,423,839	70,704,549
Kopran Laboratories Ltd	-	-	-	-	44,629,019	24,720,815	44,629,019	24,720,815
Total	(30,590,159)	1,108,131,805	66,400,000	64,100,000	110,052,858	95,425,364	145,862,699	1,267,657,169

Kopran Research Laboratories Limited

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

(In Rupees)

27 Related Party Disclosures

Names of related parties where control exists irrespective of whether transactions have occurred or not:	
Holding Company	Kopran Limited
Fellow subsidiaries	Kopran Life science Ltd
Key Management Personnel	Vandana Somani (Director) Chandra M Singhi (Director) Shiv Bhagwan Biyani K B Shetty (CFO)
Other Significantly influenced Related Parties with whom transactions have taken place during the year	Oricon Enterprises Ltd Kopran Laboratories Ltd

Names of other related parties with whom transactions have taken place during the year:	
(i) Holding Company	Kopran Limited
(ii) Key Management Personnel	Vandana Somani (Director) Chandra M Singhi (Director) Shiv Bhagwan Biyani K B Shetty (CFO)
(iii) Other Significantly influenced Related Parties with whom transactions have taken place during the year	Oricon Enterprises Ltd Kopran Laboratories Ltd

26 Disclosure as per Accounting Standard 15 (Revised) – Employee Benefits:

The disclosures required under Accounting standard 15 " Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006, are given below :

A) Defined Contribution Plan

Contributions to defined Contribution plan, recognised are charged off for the year are as under:

	March 31, 2016	March 31, 2015
- Employer's contribution to Provident Fund	5,501,992	7,007
	5,501,992	7,007

B) Defined Benefit plan

The employees' gratuity scheme is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognised in the same manner.

Part A : Gratuity Benefits

	Gratuity benefit Unfunded	
	As on 31st March, 2016	As on 31st March, 2015
Reconciliation of opening and closing balances of the present value of the defined obligation		
Obligation at the beginning of the year	12,858,000	10,536,000
Interest Cost	1,028,640	842,880
Service Cost	1,355,305	1,058,195
Actuarial (gain)/ loss	(822,584)	1,061,038
Benefits paid	(318,850)	(640,113)
Obligation at the year end	14,100,511	12,858,000
Change in plan Assets		
Fair value of Plan Assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contribution	-	12,858,000
Actuarial (gain)/ loss	-	-
Benefits paid	-	(12,858,000)
	-	-
Fair value of Plan Assets at the end of the year	-	-
Unfunded Status	(14,100,511)	(12,858,000)
Limits of Corridor not considered since total actuarial gain/loss is being recognised as on 31-03-2016		
Actuarial (loss) for the year- obligation	(822,584)	1,061,038
Actuarial gain/(loss) for the year- Plan Assets	-	-
Sub- Total	(822,584)	1,061,038
Actuarial loss recognised	(822,584)	(1,061,038)
Unrecognised actuarial gains (losses) at the end of the year		
Reconciliation of present value of the obligation and the fair value of plan assets		
Liability/(Asset) recognised in the Balance Sheet	1,028,640	(12,858,000)
Cost for the year		
Service cost	1,355,305	-
Interest cost	1,028,640	842,880

28 Disclosure of Derivatives:

- (i) The foreign currency outstanding balances that have not been hedged by any derivative instrument or otherwise as at March 31, 2016 are as follows:

Particulars	Foreign Currency Denomination	Foreign Currency Amount	Amount	Foreign Currency Amount	Amount
		March 31, 2016	March 31, 2016	March 31, 2015	March 31, 2015
Payables	USD	157,371	104,383,611	2,795,859	175,216,489
	EURO	-	-	-	-
	GBP	-	-	-	-
Receivables	USD	1,873,180	124,248,017	2,075,854	130,093,789
	EURO	5,400	405,486	39,600	2,688,840
	GBP	-	-	42,883	3,973,921

The foreign currency outstanding has been translated at the rates of exchange prevailing on the Balance Sheet date in accordance with Accounting Standard 11.

29 Capital Commitments & Contingent liabilities not provided for :**(a) Capital Commitments:**

Estimated amounts of contracts remaining to be executed on capital account (net of advances) and not provided for

March 31, 2016	March 31, 2015
13,172,666	1,109,439

(b) Contingent liabilities not provided for :

- i Corporate guarantee given to Bank for finance provided to Kopran Limited

1,490,000,000	1,920,000,000
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ii Disputed tax Matters :

- Excise duty demand disputed in appeal
Service tax demand disputed in appeal

2,296,160	1,955,797
454,301	109,819

Note: Other Legal issues are either in ordinary courses of business or not of substantial nature and management is reasonably confident of their positive outcome. Management shall deal with them judiciously and provide for appropriately, if any such need arises.

Kopran Research Laboratories Limited

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

- 30 The disclosure as per Accounting Standard 17 (AS-17) "Segment Reporting" issued by the institute of Chartered Accountants of India:

(a) Geographical Segment:

Particulars	31st March,2016	31st March,2015
Revenue from Operation:		
In India	776,388,215	629,049,950
Outside India	595,663,320	1,873,141,687
Total	1,372,051,535	2,502,191,637

Fixed Assets used in the Company's business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments. Accordingly, no disclosure relating to total segment assets and liabilities are made.

- 31 The Company has carried forward losses under Income tax laws. Hence deferred tax assets have not been recognised as there is no virtual certainty supported by convincing evidence that there will be sufficient future taxable income against which such deferred tax assets can be realised.
- 32 In the opinion of the board, current assets and loans and advances are approximately of the value stated if realised in the ordinary course of business. The provision for all known and determined liabilities are adequate and not in excess of the amounts reasonably required. The Balances of few creditors are subject to their confirmation.
- 33 Payment of Bonus Act, 1965 has been amended during the year, enhancing the limit of entitlement of employee to whom the act becomes applicable with retrospective amendment w.e.f 01/04/2014, High Court of various states have stayed the retrospective application of the act w.e.f 01/04/2014. Accordingly, the company relying upon the said stay has implemented the revised Act, w.e.f 01/04/2015

Additional liability, if any, on the retrospective amendment will be provided in the year of final decision by the courts.

34 Dues to Micro, Small and Medium Enterprises (MSME)

The Company has not received any intimation from the suppliers regarding status under the Micro, Small and Medium Enterprises Development Act, 2006 (the 'Act') and therefore disclosure regarding following has not been provided.

- Amount due and outstanding to MSME suppliers as at the end of the accounting year.
- Interest paid during the year to MSME.
- Interest payable at the end of the accounting year.
- Interest accrued and unpaid at the end of the accounting year to MSME.

The Company is making efforts to get the confirmations from the suppliers as regards their status under the Act. Management believes that the figures for disclosure will not be significant.

- 35 Company had developed two New Chemical Entities – KNC-6 and KNC-1206, over the earlier years, which was carried at cumulative value of Rs.18,92,40,572/- as Capital WIP.

Company's operations would now have a focus on product/process development of Active Pharmaceutical Ingredients. Therefore the company has now decided not to invest further in the New Chemical Entities in the near future. In view of the above, the management has decided to write off the Capital WIP of Rs.18,92,40,572 /- invested over the years in the research of the New Chemical Entities as on March 31, 2015.

- 36 Company has purchased Active Pharmaceutical Ingredients business on slump sale basis for a consideration of Rs. 110.22 Crores from its holding company on March 31, 2015.
- 37 The financial statements of the company have been prepared on the basis that the company is going concern. However having regard to the fact there are significant accumulated losses, the ability of company to continue as going concern is significantly dependent on the improvement of company's future operation and financial support from the holding company. Holding company has confirmed that necessary financial support will be provided as required.
- 38 Previous year's figures have been regrouped or reclassified to conform with the current years' presentation wherever considered necessary.

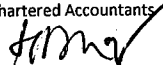
Signatures to Notes "1" to "38" forming part of these Financial Statements.

As per our report of even date.

For GMJ & Co.

Firm Registration Number: 103429W

Chartered Accountants



Haridas Bhat

Partner

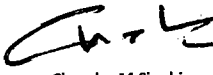
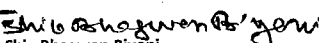
Membership No. 039070

Place: Mumbai

May 28, 2016

For and on behalf of the Board of Directors of

Kopran Research Laboratories Limited

Chandra M Singhi

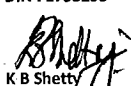
Director

DIN : 1793293

Shiv Bhagwan Biyani

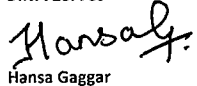
Director

DIN: 7267709



K B Shetty

Chief Financial Officer



Hansa Gaggar

Company Secretary

Kopran Research Laboratories Limited
Notes to Financial Statements for the year ended March 31, 2016
(In Rupees)

Expected return on Plan Assets	-	-
Actuarial (gain)/loss	(822,584)	1,061,038
Net cost recognised in the Profit & Loss Account	1,561,361	1,903,918
Movement in the liability recognised in the Balance Sheet		
Opening Net Liability	12,858,000	10,536,000
Expenses as above	1,561,361	2,962,113
Contribution paid	(318,850)	(640,113)
Closing Net Liability	14,100,511	12,858,000
Assumptions used to determine the benefit obligations:		
Discount Rate	7.96%	8.00%
Rate of increase in Compensation levels	6.00%	6.00%
Part B : Leave Encashment		
	Leave Encashment benefit Unfunded	
	As on 31st March,2016	As on 31st March,2015
Reconciliation of opening and closing balances of the present value of the defin obligation		
Obligation at the beginning of the year	3,198,000	2,696,000
Interest Cost	255,840	215,680
Service Cost	500,175	396,383
Actuarial (gain)/ loss	263,287	576,945
Benefits paid	(457,326)	(687,008)
Obligation at the year end	3,759,976	3,198,000
Change in plan Assets		
Fair value of Plan Assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contribution	-	3,198,000
Actuarial (gain)/ loss	-	-
Benefits paid	-	(3,198,000)
Fair value of Plan Assets at the end of the year	-	-
Unfunded Status	(3,759,976)	(3,198,000)
Limits of Corridor not considered since total		
Actuarial (loss) for the year- obligation	263,287	576,945
Actuarial gain/(loss) for the year- Plan Assets	-	-
Sub- Total	263,287	576,945
Actuarial loss recognised	263,287	(576,945)
Unrecognised actuarial gains (losses) at the end of the year		
Reconciliation of present value of the obligation and the fair value of plan assets		
present value of the defined benefit obligations at the end of the year	(3,759,976)	3,198,000
Fair value of Plan Assets at the end of the year	-	-
Liability/(Asset) recognised in the Balance Sheet	(3,759,976)	3,198,000
Cost for the year		
Service cost	500,175	396,383
Interest cost	255,840	215,680
Expected return on Plan Assets	-	-
Actuarial (gain)/loss	263,287	576,945
Net cost recognised in the Profit & Loss Account	1,019,302	1,189,008
Movement in the liability recognised in the Balance Sheet		
Opening Net Liability	3,198,000	2,696,000
Expenses as above	1,019,302	1,189,008
Contribution paid	(457,326)	(687,008)
Closing Net Liability	3,759,976	3,198,000
Assumptions used to determine the benefit obligations:		
Discount Rate	7.96%	8.00%
Rate of increase in Compensation levels	6.00%	6.00%