



**UNICHEM
LABORATORIES LTD.**

Fax No : 91 (22) 2678 4391 / 5198

Tel. No. : 91 (22) 66888333

Website : <http://www.unichemlabs.com>

CIN : L99999MH1962PLC012451.

Registered & Corporate Office : Unichem Bhavan, Prabhat Estate, S. V. Road, Jogeshwari (West), Mumbai-400102, INDIA.

20.5.2016

Department of Corporate Services

Bombay Stock Exchange Ltd.
Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai - 400 001

Mr. Hari K.

Asst. Vice President- Operations
National Stock Exchange of India Ltd
Exchange Plaza, Bandra - Kurla Complex
Bandra (East), Mumbai - 400 051

Ref: BSE Scrip Code: 506690 : NSE Symbol - UNICHEMLAB

Dear Sir,

Pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith

- a. The audited financial results (standalone and consolidated) for the quarter and year ended March 31, 2016.
- b. Auditors report on the standalone and consolidated financial statements for the year ended March 31, 2016.
- c. Form A- (for audit report on Emphasis of Matter on the standalone and consolidated financial statements for the year ended March 31, 2016.

The above results were reviewed by the Audit Committee and duly approved by the Board of Directors at its meeting held on May 20, 2016.

Further at the said meeting the Board:

- a. The Board of Directors has recommended that the Interim Dividend of Rs. 2/- per equity share paid on 28th March, 2016 be considered as final dividend for the year ended 31st March, 2016.
- b. has allotted 15,000 Equity shares having a face value of Rs. 2/- each pursuant to exercise of options by eligible employee under the Employees Stock Option Scheme 2008.

The Board Meeting commenced at 11.30 a.m. and concluded at 2.20 p.m.

Please take the above on record.

For UNICHEM LABORATORIES LIMITED

Neema Thakore

Neema Thakore
Head - Legal & Company Secretary
Enc:a/a



Registered & Corporate Office : Unichem Bhavan, Prabhat Estate, S. V. Road, Jogeshwari (West), Mumbai-400102, INDIA.

PART I							
Statement of Audited Financial Results for the Quarter and Year ended 31st March, 2016. ₹ Lacs							
Particulars	Standalone			Standalone Audited		Consolidated Audited	
	Three months ended 31st Mar'16 (Audited)	Three months ended 31st Dec'15 (Unaudited)	Three months ended 31st Mar'15 (Audited)	Accounting Year ended 31st Mar'16 (Audited)	Accounting year ended 31st Mar'15 (Audited)	Accounting Year ended 31st Mar'16 (Audited)	Accounting Year ended 31st Mar'15 (Audited)
INCOME FROM OPERATIONS							
1 a) Net Sales/Income from operations (Net of excise duty)	29,213.29	30,393.17	25,055.61	120,434.73	107,689.95	131,649.97	118,770.83
b) Other Operating Income	938.47	232.95	543.40	1,806.41	1,408.51	1,806.41	1,408.51
TOTAL INCOME FROM OPERATIONS (NET)	30,151.76	30,626.12	25,599.01	122,241.14	109,098.46	133,456.38	120,179.34
EXPENSES							
a) Cost of Materials Consumed	8,331.55	7,633.18	6,713.86	32,319.94	30,618.22	36,008.16	34,278.92
b) Purchases of stock-in-trade	3,401.15	3,185.17	1,997.86	13,752.69	12,934.66	11,655.18	11,317.65
c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(951.80)	18.42	946.04	(871.23)	(769.16)	(1,865.56)	(1,364.17)
d) Employee benefits expense	5,628.90	5,894.01	4,630.17	22,580.28	19,138.87	27,211.82	23,654.72
e) Depreciation and amortisation expense	880.95	872.20	798.00	3,499.12	3,768.30	3,900.11	4,127.24
f) Other expenses	10,621.09	10,485.61	9,829.23	40,218.91	37,017.60	44,055.96	42,157.64
TOTAL EXPENSES	27,911.84	28,088.59	24,915.16	111,499.71	102,708.49	120,965.67	114,172.00
3 Profit/(Loss) from operations before other income, finance costs and	2,239.92	2,537.53	683.85	10,741.43	6,389.97	12,490.71	6,007.34
4 Other Income	582.95	459.15	551.43	2,265.50	1,996.77	1,918.59	2,038.28
5 Profit/(Loss) from ordinary activities before finance costs and exceptional	2,822.87	2,996.68	1,235.28	13,006.93	8,386.74	14,409.30	8,045.62
6 Finance costs	78.27	44.23	42.22	228.09	236.97	288.56	304.29
7 Profit/(Loss) from ordinary activities before tax & exceptional items (5-6)	2,744.60	2,952.45	1,193.06	12,778.84	8,149.77	14,120.74	7,741.33
8 Tax Expenses	(70.03)	620.00	211.05	2,443.97	1,710.05	3,002.38	213.22
9 Profit/(Loss) from ordinary activities after tax but before exceptional (7-8)	2,814.63	2,332.45	982.01	10,334.87	6,439.72	11,118.36	7,528.11
10 Exceptional Item (Refer Note 5 below)	-	353.00	-	353.00	-	353.00	-
11 Tax on exceptional Items	-	(75.00)	-	(75.00)	-	(75.00)	-
12 Share in Profit / (Loss) of Associates	-	-	-	-	-	(36.95)	10.90
13 Net profit from ordinary activities after tax, exceptional items & share of	2,814.63	2,054.45	982.01	10,056.87	6,439.72	10,803.41	7,539.01
14 Paid up Equity Share Capital (Face Value Rs. 2 per share)	1,816.87	1,816.48	1,815.38	1,816.87	1,815.38	1,816.87	1,815.38
15 Reserves excluding Revaluation Reserve as per balance sheet of previous	-	-	-	100,896.36	92,926.18	93,666.69	84,936.64
16 Earning Per Share (Face Value of Rs. 2/ each) Before Exceptional items							
a) Basic - Rs.	3.10	2.57	1.08	11.38	7.10	12.20	8.31
b) Diluted - Rs.	3.09	2.56	1.08	11.36	7.08	12.18	8.29
17 Earning Per Share (Face Value of Rs. 2/ each) After Exceptional items							
a) Basic - Rs.	3.10	2.26	1.08	11.07	7.10	11.90	8.31
b) Diluted - Rs.	3.09	2.26	1.08	11.05	7.08	11.87	8.29

Notes :

- The above results have been reviewed by the Audit Committee and taken on record by the Board of Directors in its meeting held on 20th May, 2016.
- The Board of Directors has recommended that the Interim Dividend of Rs. 2/- per equity share paid on 28th March, 2016 be considered as final dividend for the year ended 31st March, 2016.
- Segment Reporting:
Primary Segment
The Company has only one segment i.e. 'Pharmaceuticals'.



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Secondary Segment (By Geographical Segment)							
Net Sales and Operating Income	Three months ended 31st Mar'16 (Audited)	Three months ended 31st Dec'15 (Unaudited)	Three months ended 31st Mar'15 (Audited)	Accounting Year ended 31st Mar'16 (Audited)	Accounting year ended 31st Mar'15 (Audited)	Accounting Year ended 31st Mar'16 (Audited)	Accounting Year ended 31st Mar'15 (Audited)
Within India	17,508.71	19,316.76	15,111.21	76,563.35	67,528.64	76,563.35	67,528.64
Outside India	12,643.05	11,309.36	10,487.80	45,677.79	41,569.82	56,893.03	52,650.70
Total	30,151.76	30,626.12	25,599.01	122,241.14	109,098.46	133,456.38	120,179.34

In view of the interwoven / intermix nature of the business and manufacturing facility, other segmental information is not ascertainable.

4 Other Income includes exchange gain / (loss) as under:

Exchange Difference	Three months ended 31st Mar'16 (Audited)	Three months ended 31st Dec'15 (Unaudited)	Three months ended 31st Mar'15 (Audited)	Accounting Year ended 31st Mar'16 (Audited)	Accounting year ended 31st Mar'15 (Audited)
Exchange gain included in other income	183.74	127.89		811.99	278.59
Exchange loss included in other expenses			126.20		

5 Enactment of The Payment of Bonus (Amendment) Act, 2015 having come into force effective 1st day of April 2014 the Company has made additional
i) Pertaining to the period from 1st April 2015 to 31st March 2016 is Included in Employee benefits expenses.
ii) Pertaining for the period from 1st April 2014 to 31st March 2015 is disclosed as an Exceptional item.

Audited Statement of Assets and

6 Liabilities as on 31st, March 2016

Particulars	Standalone Audited		Consolidated Audited	
	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
I. EQUITY AND LIABILITIES				
(1) Shareholders' Funds				
(a) Share Capital	1,816.87	1,815.38	1,816.87	1,815.38
(b) Reserve & Surplus	100,896.36	92,926.18	93,666.69	84,936.64
	102,713.23	94,741.56	95,483.56	86,752.02
(2) Non Current Liabilities				
(a) Long term borrowings	51.44	22.08	2,303.67	2,034.61
(b) Deferred tax liabilities (Net)	3,131.54	3,932.54	3,131.54	3,932.54
(c) Other Long term liabilities	1,930.77	2,084.55	1,930.77	2,084.55
(d) Long term provisions	1,257.55	887.56	1,257.55	887.56
	6,371.30	6,926.73	8,623.53	8,939.26
(3) Current Liabilities				
(a) Short term borrowings	790.15	-	1,292.50	162.57
(b) Trade payables	18,963.35	14,262.90	17,368.03	13,822.53
(c) Other current liabilities	4,742.95	3,631.53	5,082.97	4,586.03
(d) Short-term provisions	576.03	2,605.27	576.03	2,605.27
	25,072.48	20,499.70	24,319.53	21,176.40
TOTAL EQUITY AND LIABILITIES	134,157.01	122,167.99	128,426.62	116,867.68
II. ASSETS				
(I) Non-current assets				
(a) Fixed assets				
(i) Tangible assets	38,119.98	39,586.60	40,074.76	41,294.46
(ii) Intangible assets	-	-	237.88	304.54
(iii) Capital work-in-progress	23,265.12	11,866.07	23,713.47	12,264.29
	61,385.10	51,452.67	64,026.11	53,863.29
(b) Non-current Investment	10,243.10	11,760.90	545.26	583.21
(c) Deferred Tax Assets	-	-	1,015.94	1,518.23
(d) Long term loans and advances	3,041.85	4,459.17	3,045.72	4,460.94
(2) Current assets				
(a) Current Investments	800.00	3,503.92	800.00	3,503.92
(b) Inventories	20,065.54	18,648.31	23,057.06	20,767.97
(c) Trade receivables	26,538.73	20,619.35	22,074.71	19,157.72
(d) Cash & Bank Balances	1,094.10	1,971.05	2,012.61	2,696.21
(e) Short term Loans and advances	9,720.68	8,604.46	10,581.30	9,168.03
(f) Other current assets	1,267.91	1,148.16	1,267.91	1,148.16
	59,486.96	54,495.25	59,793.59	56,442.01
TOTAL ASSETS	134,157.01	122,167.99	128,426.62	116,867.68

7 Previous period / year figures have been regrouped / reclassified wherever necessary.

By Order of the Board
For Unichem Laboratories Limited

Place: Mumbai
Date: 20 May, 2016

Dr. Prakash A. Mody
Chairman & Managing Director



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Form A


Covering letter of the Standalone Annual Audit Report to be filed with the Stock Exchanges

Name of the Company	Unichem Laboratories Limited
Annual financial statements for the year ended 31.3.2016	March 31, 2016
Type of Audit observation	Emphasis of Matter in the Independent Auditor's Report on the Standalone Financial Statements. "We draw attention to Note 34 to the standalone financial statements relating to increase in the provision for diminution of long-term investments in Unichem Farmaceutica Do Brazil Ltda, from Rs. 434.5 lacs in the previous year to Rs. 2,277.63 lacs for the year under report, based on internal assessment and other factors more elaborately stated in the said Note. Our opinion is not modified in respect of this matter."
Frequency of observation	Appeared for the first time.

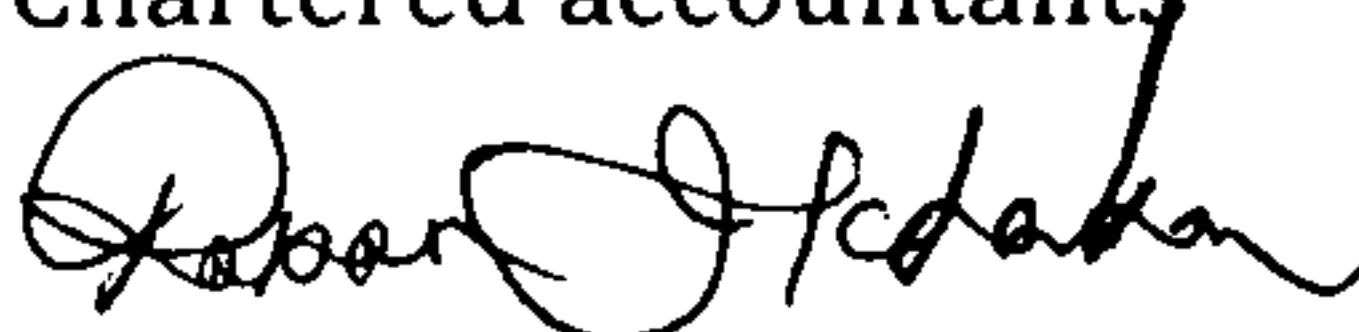
For Unichem Laboratories Limited


Dr. Prakash A. Mody
Chairman & Managing Director

For Unichem Laboratories Limited


Rakesh Parikh
Chief Finance and compliance officer

B. D. Jokhakar & Co
Chartered accountants


Raman Jokhakar
Partner

Firm Registration No:104345W
Membership no: 103241

For Unichem Laboratories Limited


Prafull Anubhai
Chairman of Audit committee

Date : May 20, 2016



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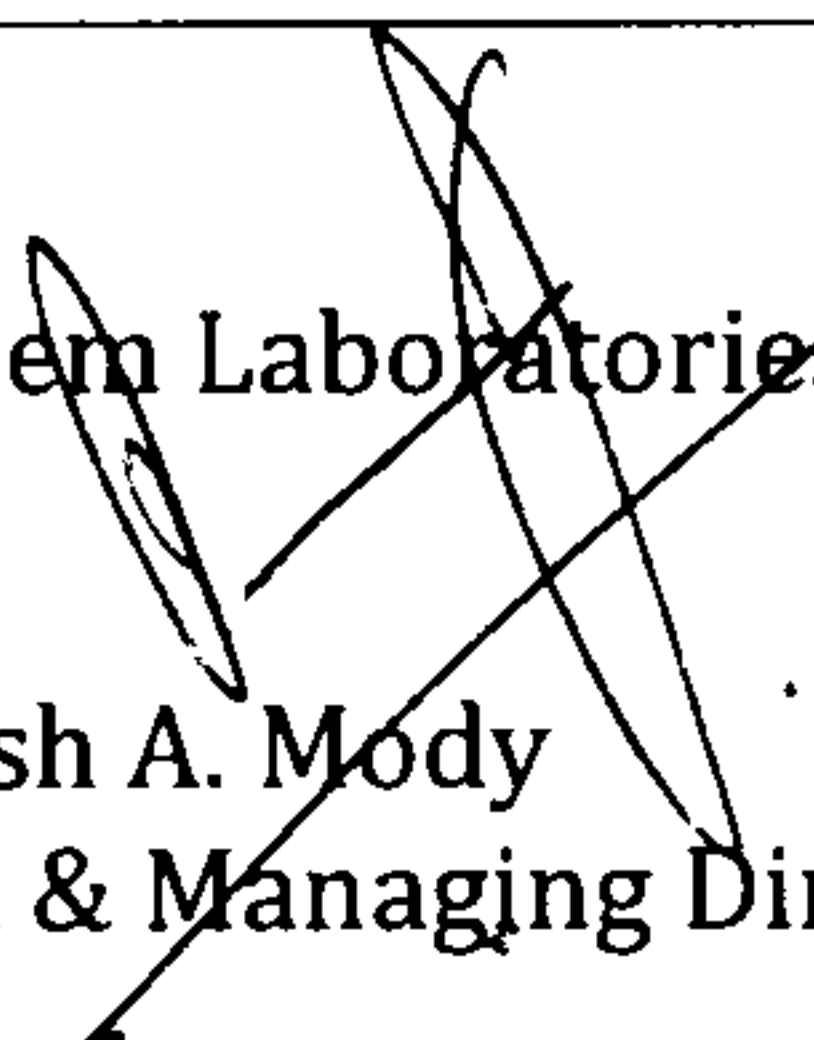
Registered & Corporate Office : Unichem Bhavan, Prabhat Estate, S. V. Road, Jogeshwari (West), Mumbai-400102, INDIA.

Form A

Covering letter of the Consolidated Annual Audit Report to be filed with the Stock Exchanges

Name of the Company	Unichem Laboratories Limited
Annual financial statements for the year	March 31, 2016
Type of Audit observation	Emphasis of Matter in the Independent Auditor's Report on the Consolidated Financial Statements "We draw attention to Note 29 to the Consolidated Financial Statements related to the outcome of fine imposed by European Commission jointly and severally against the Holding Company with its subsidiary, amounting to Euro 13.97 Million. Our opinion is not modified in respect of this matter."
Frequency of observation	The same note appeared in the Limited Review Report on the Statement of Unaudited Financial Results for the Quarter ended June 30, 2014 and Independent Auditor's Report on the Audited Consolidated Financial Statements for the year ended March 31, 2015. It was reported in Form A in terms of the reporting requirements.

For Unichem Laboratories Limited


Dr. Prakash A. Mody
Chairman & Managing Director

B. D. Jokhakar & Co
Chartered accountants



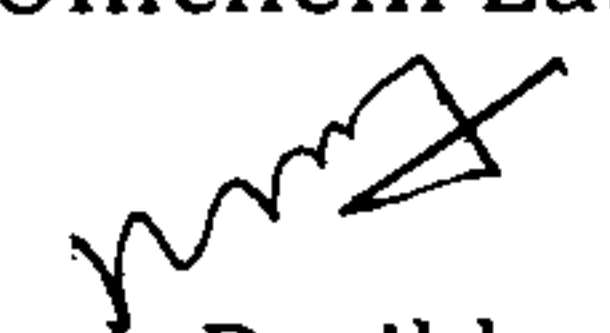
Raman Jokhakar
Partner

Firm Registration No:104345W


Membership no: 103241

Date : May 20, 2016

For Unichem Laboratories Limited


Rakesh Parikh
Chief Finance and compliance officer

For Unichem Laboratories Limited


Prafull Anubhai
Chairman of Audit committee

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF UNICHEM LABORATORIES LIMITED**

Report on the Standalone Financial Statements

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

Management's Responsibility for the Standalone Financial Statements

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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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

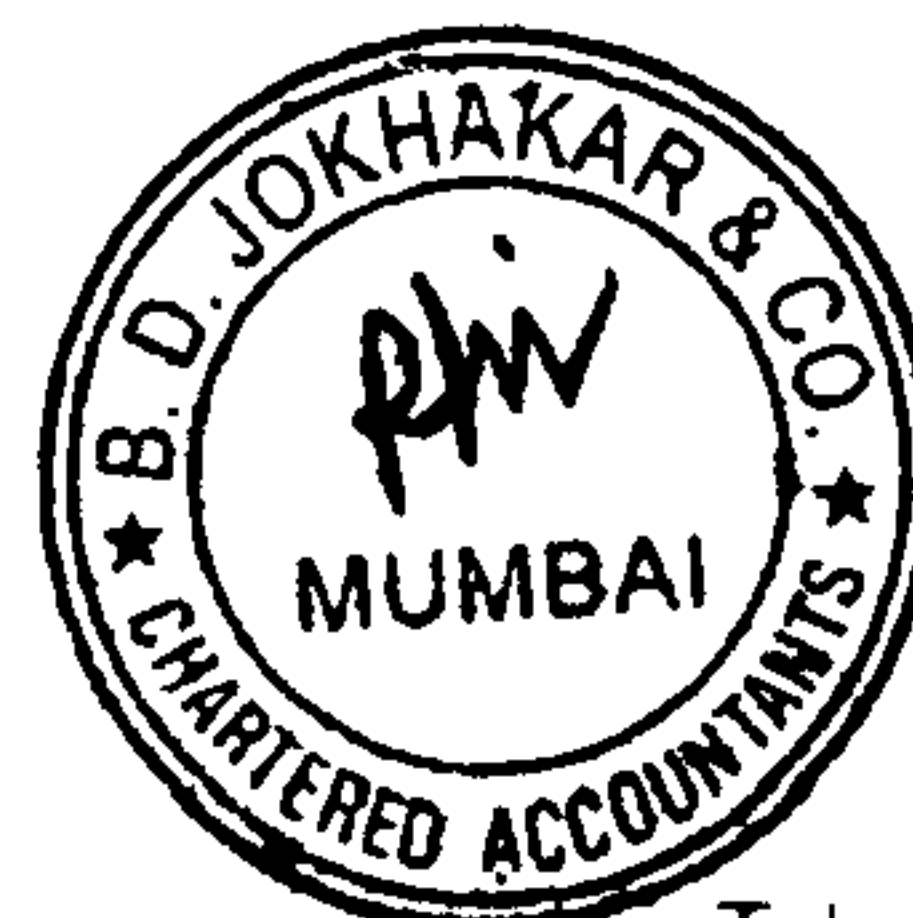
Our responsibility is to express an opinion on these standalone financial statements based on our audit.

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.

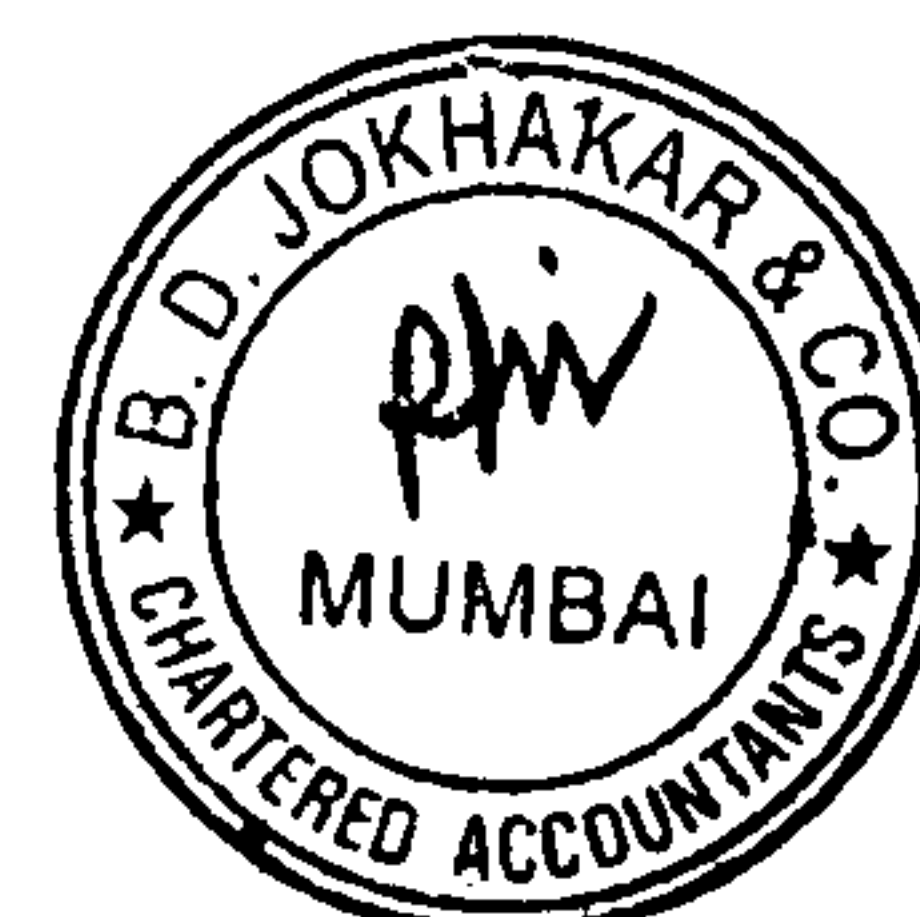
Emphasis of Matter

We draw attention to Note 34 to the standalone financial statements relating to increase in the provision for diminution of long-term investments in Unichem Farmaceutica Do Brazil Ltda, from Rs. 434.5 lacs in the previous year to Rs. 2,277.63 lacs for the year under report, based on internal assessment and other factors more elaborately stated in the said Note.

Our opinion is not modified in respect of this matter.

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, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 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.
 - (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".
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note no 29 and 30 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

Place: Mumbai
Date: 20th May, 2016

For B. D. Jokhakar & Co.
Chartered Accountants
Firm Registration No: 104345W



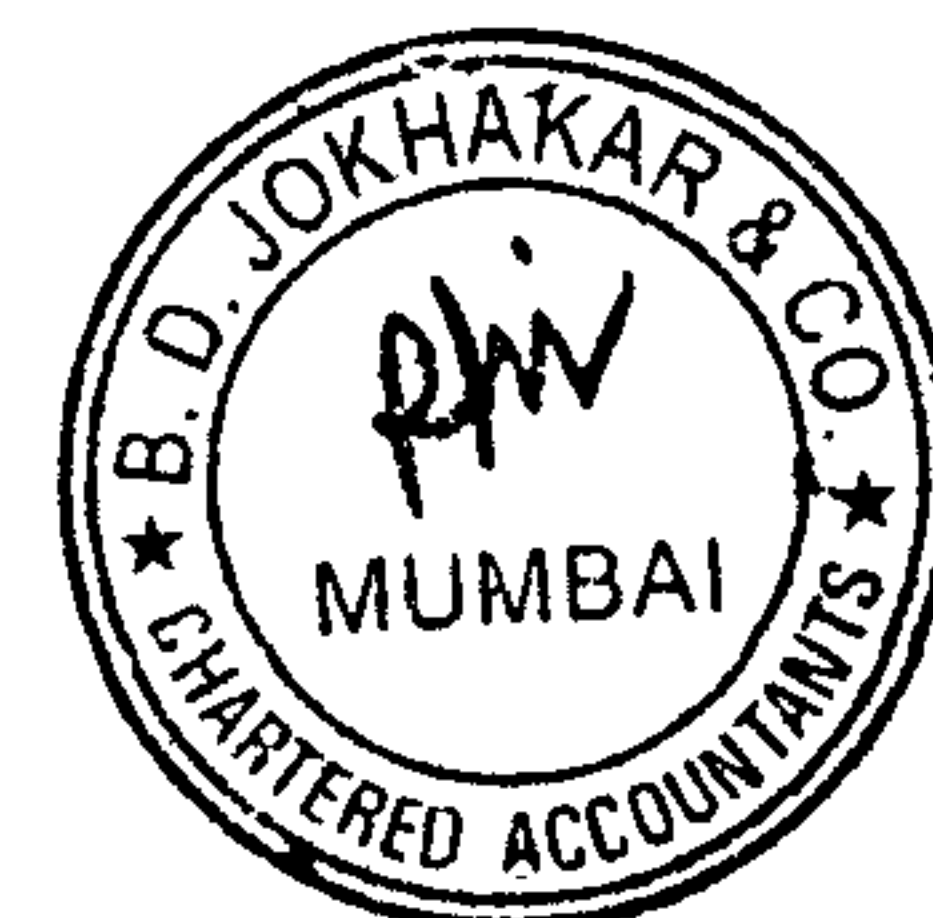
Raman H. Jokhakar
Partner
Membership No. 103241



ANNEXURE A TO THE AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of Independent Auditors' Report on standalone financial statements of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) As explained to us, some of the fixed assets of the Company have been physically verified during the year by the management in accordance with a phased program of verification designed to cover all assets over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on physical verification.
- (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 deeds of immovable properties are held in the name of the Company.
- (ii) As explained to us, the inventories have been physically verified during the year by the management, except for the inventories lying with the third parties, which have however, been confirmed by them. The intervals at which the inventories have been verified are, in our opinion, reasonable in relation to the size of the Company and the nature of its business. The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) As informed, 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. Consequently, sub clause (a), (b) and (c) of the paragraph 3 (ii) are not applicable to the Company.
- (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, in respect of loans, investments, guarantees, and security given for the year under report.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public during the year. Therefore, paragraph 3(v) of the Order is not applicable.
- (vi) We have broadly reviewed the books of account and records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 as prescribed by the Central Government for the maintenance of cost records under Section 148 (1) of the Act relating to the manufacture of Bulk Drugs and pharmaceutical specialties and are of the opinion that, *prima facie*, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the said records with a view to determine whether they are accurate or complete.
- (vii) (a) According to information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of 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 have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, there were no undisputed statutory dues as mentioned above in arrears as at 31st March, 2016 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 in respect of income tax (including TDS), sales tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of dispute and the forum where the disputes are pending as on 31st March, 2016 are as given below:

Name of the statute	Nature of the dues	Amount (Rs. in Lacs)	Period to which it relates	Forum where dispute is pending
Income Tax Act, 1961	TDS	31.04	AY: 2008-09 to AY: 2009-10	Commissioner of Income Tax – (Appeals)
U.P. Value Added Tax Act, 2008	Penalty	20.44	FY: 2008-09	Hon'ble High Court of Judicature at Allahabad
Central Excise Act, 1944	Duty and Penalty	119.38	FY: 2003-2004 to 2008-2009	Appellate Tribunal (CESTAT)
Central Excise Act, 1944	Duty and Penalty	11.05	FY: 2007-08 to FY: 2009-10, FY: 2011-12	Commissioner of Central Excise (Appeal)
Service Tax Laws	Disallowance of Service Tax Credit	12.06	FY: 2005-06 to FY: 2010-11	Appellate Tribunal (CESTAT), New Delhi
Service Tax Laws	Disallowance of Service Tax Credit and Penalty	6.38	FY: 2011-12 to FY: 2015-16	Commissioner of Central Excise (Appeal), Kolkata – III
Service Tax Laws	Disallowance of Service Tax Credit and Penalty	139.87	January 2012 to March 2012	Appellate Tribunal (CESTAT)
Service Tax Laws	Disallowance of Service Tax Credit and Penalty	10.58	FY: 2007-08 to FY: 2010-11	Appellate Tribunal (CESTAT)
Service Tax Laws	Disallowance of Service Tax Credit and Penalty	373.77	FY: 2008-09 to FY: 2012-13	Appellate Tribunal (CESTAT)

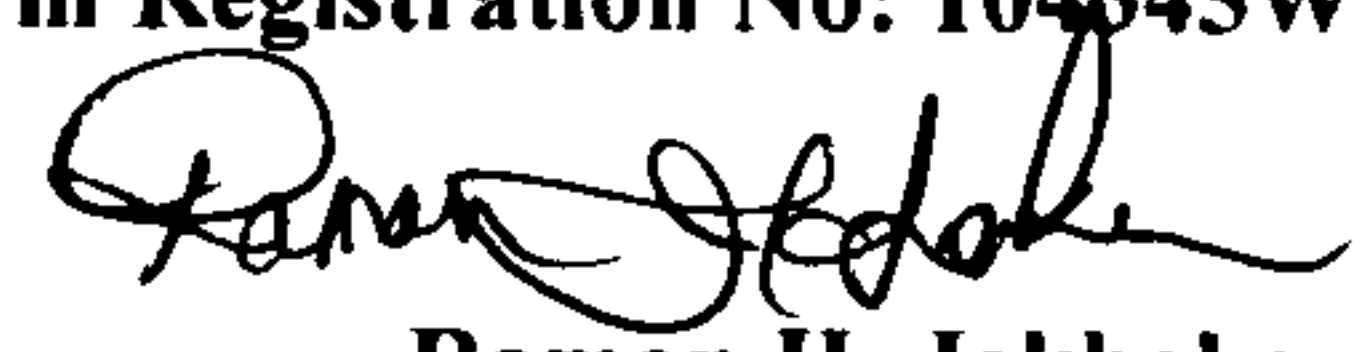
- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks and Governments. Therefore, paragraph 3(viii) of the Order is not applicable.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). Term loans have been applied for the purposes for which they were obtained except in case of term loans amounting to Rs. 29.36 lacs disbursed but pending utilisation, which were placed in a separate bank account.



- (x) To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.
- (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. Therefore, paragraph 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, and based on our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and the details have been disclosed in the financial statements etc., 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, no preferential allotment or private placement of shares or fully or partly convertible debentures has been made by the Company during the year under review. Therefore, paragraph 3(xiv) of the Order is not applicable.
- (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 any non-cash transactions with directors or persons connected with him as specified under section 192 of the Act. 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 and therefore the provisions of paragraph 3(xvi) of the Order is not applicable.

Place: Mumbai
Date: 20th May, 2016

For B. D. Jokhakar & Co.
Chartered Accountants
Firm Registration No: 104345W


Raman H. Jokhakar
Partner
Membership No. 103241



ANNEXURE B TO THE AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of Independent Auditors' Report on standalone financial statements of even date)

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 Unichem 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. 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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



Meaning of Internal Financial Controls Over Financial Reporting

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

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, 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.

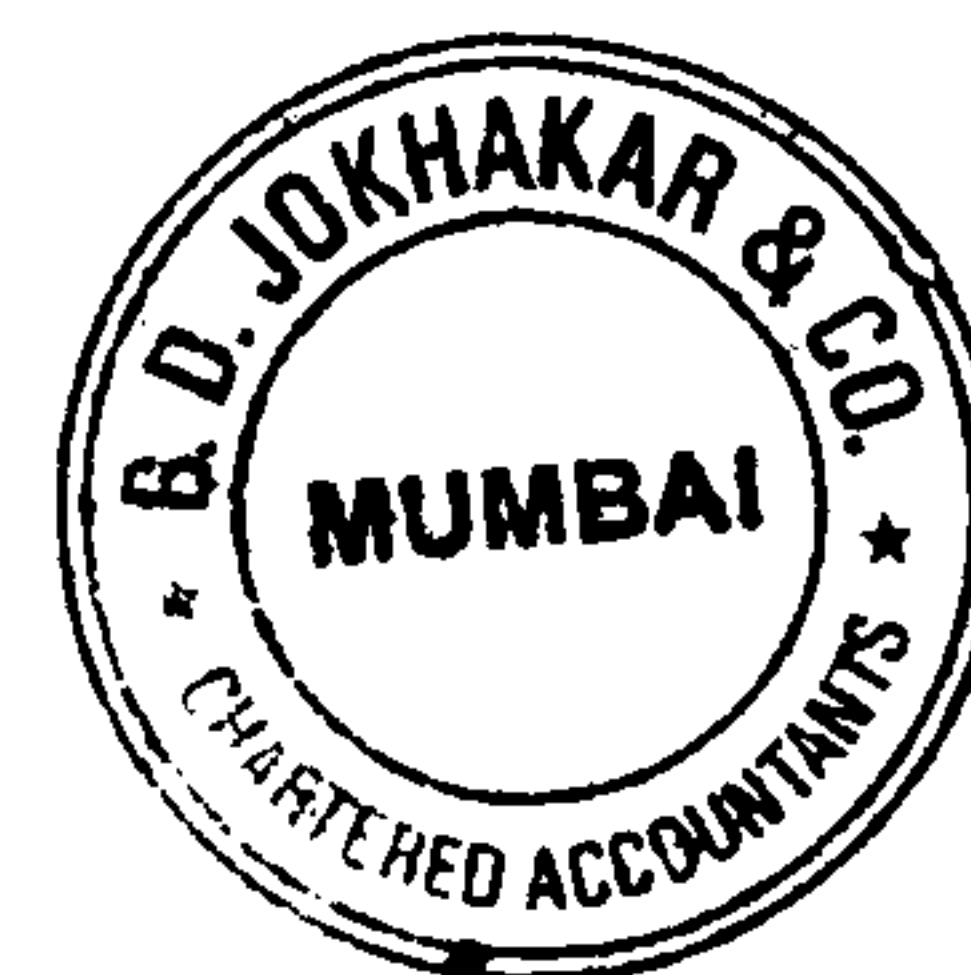
Place: Mumbai
Date: 20th May, 2016

For B. D. Jokhakar & Co.
Chartered Accountants
Firm Registration No: 104345W



Raman H. Jokhakar
Partner

Membership No. 103241



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF UNICHEM LABORATORIES LIMITED**

Report on the Consolidated Financial Statements

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

Management's Responsibility for the Consolidated Financial Statements

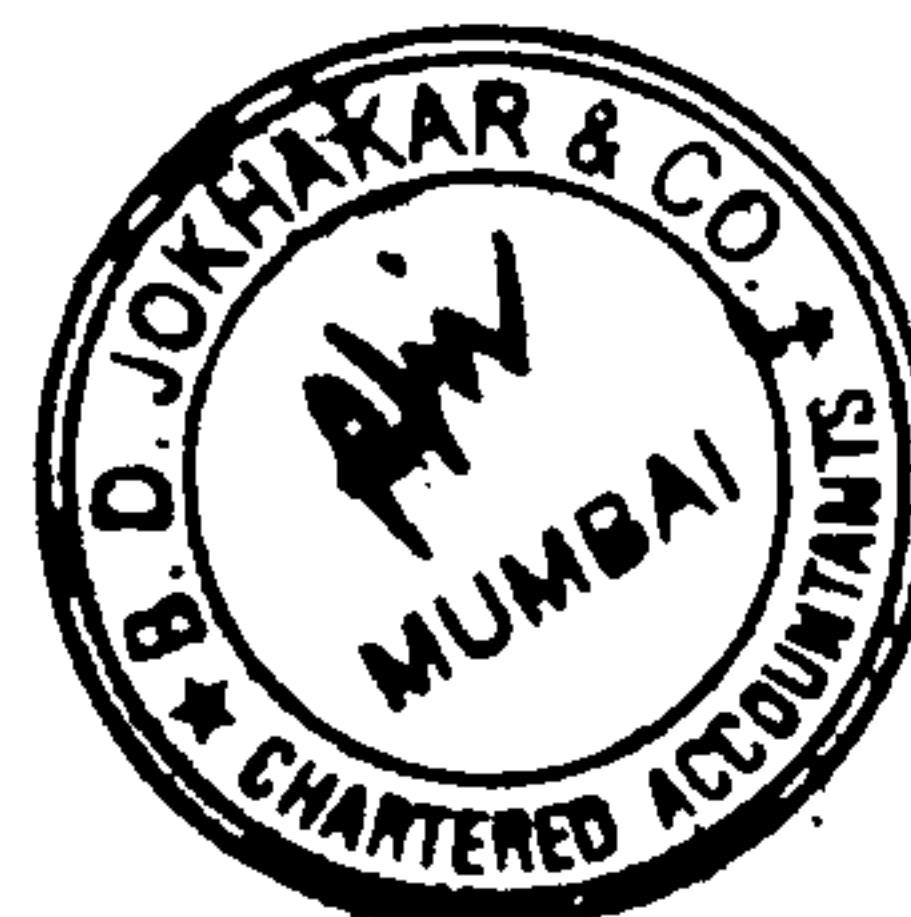
The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associate 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 and of its associate 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 the 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 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 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 obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraphs (a) and (b) of the Other Matters paragraph below, are 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 and its associate as at 31st March, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note 29 to the consolidated financial statements related to the outcome of fine imposed by European Commission jointly and severally against the Holding Company with its subsidiary amounting to Euro 13.97 Million.

Our opinion is not modified in respect of this matter.

Other Matters

- (a) We did not audit the financial statements of five subsidiaries, whose financial statements reflect total assets (net) of Rs. 1,944.39 lacs as at 31st March, 2016, total revenues (including other income) of Rs. 29,946.59 lacs and net cash flows amounting to Rs. 193.36 lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of the other auditors. In respect of wholly owned subsidiaries, since they are not incorporated in India, in our view, report in terms of sub-section (3) of Section 143 of the Act is not applicable.
- (b) The consolidated financial statements also include the Group's share of net loss of Rs. 36.95 lacs for the year ended 31st March, 2016, as considered in the consolidated financial statements, in respect of one associate, whose financial statements have not been audited by us. These financial statements are unaudited and 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 the associate, is based on the said unaudited financial statements. Our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid associate, cannot be given since the said

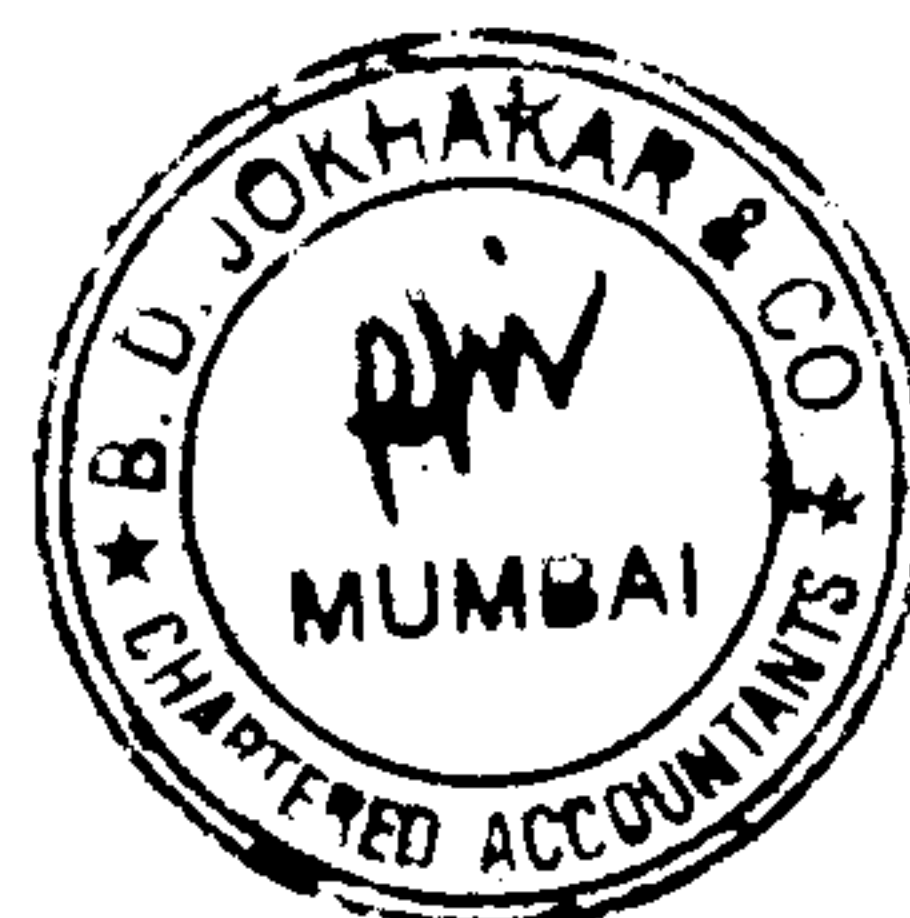


financial statements are unaudited. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors 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, to the extent applicable to the Holding Company and subject to sub-paragraphs (a) and (b) of the Other Matters paragraph above, with regard to our inability of reporting under Section 143(3) of the Act in respect of wholly owned subsidiaries and associate, 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 by the Holding Company so far as it appears from our examination of those books.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained by the Holding Company for the purpose of preparation of the consolidated financial statements.
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, considering that the wholly owned subsidiaries are incorporated outside India and an associate whose accounts are not audited as on the date of the report, reporting requirement are not applicable and not possible to report upon respectively. In respect of the Holding Company our report on adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls may be referred to **Annexure B** in the Independent Auditor's Report on the Standalone Financial Statements 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 Auditor's) 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 financial position of the Group and its associate - Refer Note 29 and 30 to the consolidated financial statements.
 - ii. The Holding Company did not have any material foreseeable losses on long-term contracts including derivative contracts.



For B. D. Jokhakar & Co.
Chartered Accountants
Firm Registration No: 104345W



Raman H. Jokhakar
Partner
Membership No. 103241

Place: Mumbai
Date: 20th May, 2016

