



*Shilpa Medicare Limited*

**25<sup>th</sup>**  
**ANNUAL REPORT**  
**2011-2012**





## *Our Facilities*



Unit-I Raichur WHO GMP/EUGMP/TGA/PMDA/KFDA  
/TPD Oncology/Non-Oncology/CRAMS API Facility



Unit-II (EOU) Raichur WHO GMP/EUGMP Oncology  
/Non-Oncology/CRAMS API Facility



Vizag R & D Facility (Recognized by DSIR)  
Generic Oncology Drug Product Development



Formulation facility at Pharma SEZ, Jadcherla (AP)  
Lyophilisation, Large & Small Volume Parenteral Injectables



NU Therapeutics Pvt. Ltd., Hyderabad  
Novel Drug Delivery System Orally Disintegrating Strips



LOBA Feinchemie GmbH, Austria  
USFDA, EUGMP Approval Facility



**Registered Office :**

1<sup>st</sup> Floor, 10/80, Rajendra Gunj,  
Raichur-584102 (Karnataka)

**25<sup>th</sup>  
ANNUAL GENERAL MEETING**

Day : Saturday  
Date : 29<sup>th</sup> September, 2012  
Time : 11.30 A.M  
Venue : Hotel Nrupatunga, Ambedkar Circle,  
Station Road, RAICHUR-584101 (Karnataka)

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## COMPANY INFORMATION

### Board of Directors

Omprakash Inani	:	Chairman
Vishnukant C Bhutada	:	Managing Director
Ajeet Singh Karan	:	Independent Director
Carlton Felix Pereira	:	Independent Director
Pramod Kasat	:	Independent Director
Venugopal Loya	:	Independent Director
Rajender Sunki Reddy	:	Independent Director
N.P.S Shinh	:	Independent Director
Dr.Abhay B Upasani	:	Ceased to be Director w.e.f 09-02-2012

### Board Committees

#### Audit Committee

Venugopal Loya	- Chairman
Omprakash Inani	- Member
Pramod Kasat	- Member
Rajender Sunki Reddy	- Member

#### Remuneration Committee

Pramod Kasat	- Chairman
Omprakash Inani	- Member
Venugopal Loya	- Member

#### Investor Grievances Committee

Omprakash Inani	- Chairman
Vishnukant.C. Bhutada	- Member
Venugopal Loya	- Member

### Company Secretary

Nagalakshmi Popuri

### Works

4-A, Deosugur Industrial Area,  
Deosugur - 584 170. (Raichur Dist.)

### 100 % Export Oriented Unit

33-33A, 40-47,  
Raichur Industrial Growth Center,  
Wadloor Road,  
Chicksugur Cross,  
Chicksugur – 584134.(Raichur District)

### Auditors

#### Bohara Bhandari Bung And Associates

Chartered Accountants  
Amar Complex, M.G.Road  
Raichur – 584 101

#### Registered Office

1<sup>st</sup> Floor, 10/80, Rajendra Gunj  
Raichur – 584102 (Karnataka)  
Phone : 08532-235704, 235006  
Fax : 08532-235876  
E-mail : info@vbshilpa.com  
Web : www.vbshilpa.com

### Bankers

The Lakshmi Vilas Bank Ltd.,  
ICICI Bank Ltd  
Standard Chartered Bank Ltd.,  
Axis Bank Ltd  
State Bank of India

### Registrars & Share Transfer Agent

M/s. Karvy Computershare Pvt. Ltd.  
Plot No. 17 to 24, Vithalrao Nagar,  
Madhapur, Hyderabad-500 081  
Tel : 040-23420815-28  
Fax : 040-23420814/23420857  
E-mail : mailmanager@karvy.com  
Website: www.karvycomputershare.com

## PERFORMANCE OF THE COMPANY STANDALONE AT GLANCE FOR 5 YEARS

(₹ in Lacs)

Year	2007-08	2008-09	2009-10	2010-11	2011-12
Gross Revenue	9557.69	13670.24	23557.90	26285.60	28861.27
Profit before Depreciation and Taxes	2031.73	2206.45	7700.89	7625.74	6526.58
Depreciation	351.09	604.37	976.47	1042.10	1142.20
PBT	1680.64	1602.08	6724.42	6583.65	5384.38
Taxes*	543.62	860.38	2123.15	1491.11	1152.73
PAT	1137.02	741.70	4601.27	5092.53	# 4294.37
Dividend (Inc. Dividend Tax )	99.56	128.84	180.37	224.11	256.52

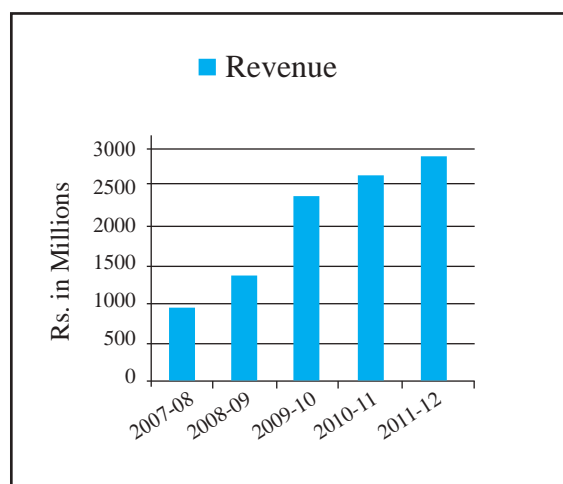
### PERFORMANCE PARAMETER

Net Fixed Assets	8290.63	12724.30	12793.88	12709.49	13683.64
Share Capital	425.48	440.48	440.48	480.48	490.48
Reserves & Surplus	5111.71	6344.36	10778.98	22603.09	28724.56
Net Worth (Net)	5537.19	6784.84	11219.46	23083.57	29215.04
Returns on Net Worth (%)	20.53	@10.93	41.02	22.06	14.70
Borrowings	7592.89	9732.66	6746.74	5097.41	4852.06
Debt Equity Ratio (Gross )	1.37	1.43	0.60	0.22	0.17
Dividend (%)	20	25	35	40	45
Earning Per Share (Rs.)	5.34	3.40	20.89	22.08	17.87

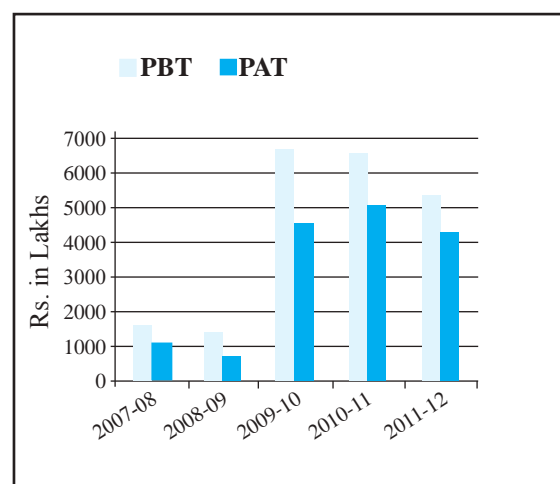
\* Includes Deferred taxes of the respective year.

@ Reduced due to impact of exchange fluctuation on Profit.

# Effect of exchange fluctuation on Long Term Borrowings & investment in foreign subsidiary Company considered as per option given vide MCA notification no GSR 914 (E) dt 29.12.2011



Year



Year



## NOTICE

Notice is hereby given that the 25<sup>th</sup> Annual General Meeting of the members of the Company will be held on **Saturday the 29<sup>th</sup> day of September, 2012 at 11.30 A.M. at Hotel Nrupatunga, Ambedkar Circle, Station Road, Raichur- 584101, Karnataka** to transact the following items of business:

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2012 and the Profit and Loss Account for the year ended on that date along with report of the Directors and Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of **Mr. Venugopal Loya** who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of **Mr. Pramod Kasat** who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution.

**“RESOLVED THAT** M/s. Bohara Bhandari Bung And Associates, Chartered Accountants, Registration No. 008127S be and are hereby re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.”

### SPECIAL BUSINESS :

6. To Consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution :

**“RESOLVED THAT** pursuant to the provisions of Article 167 of the Articles of Association of the Company and Section 198, 269 & 309 and other applicable provisions, if any, of the Companies Act 1956, Mr. Vishnukant.C. Bhutada be and is hereby re-appointed as the Managing Director of the Company for a period of Three Years ( 3 ) effective from 1<sup>st</sup> September, 2012, terminable by either side on three months notice or pay in lieu thereof, at the remuneration and on other terms set out below with liberty to the Board of Directors to sanction and/or vary the same within the overall limit, as they in their discretion, deem fit.”

1.1	Basic Salary	Rs.7,50,000/- (Rupees Seven Lacs Fifty Thousand Only) per month OR as decided by the Board from time to time during the term of the appointment
1.2	Special Pay	Rs. 1,00,000/- (Rupees One Lakh Only) per month
2.	Perquisites and Allowances:	
	a) House Rent Allowance	Rs.1,25,000/- (One Lakh Twenty Five Thousand Only) per month.
	b) Leave Travel Concession	One Month's Salary i.e.Basic Salary.
	c) Personal Accident Insurance	Premium not exceeding Rs.1,00,000/- (Rupees One Lakh only ) per annum.
	d) Personal Allowances	Rs.75,000/-(Rupees Seventy Five Thousand Only) per month.
	e) Medical Expenses reimbursement for self & dependent parents/children	Rs. 1,00,000/-(Rupees One Lakh Only) per annum.
3.	In addition to above he shall also be entitled to the following perquisites and benefits:	
	THESE BENEFITS SHALL NOT BE INCLUDED IN THE COMPUTATION OF CEILING ON PERQUISITES:	
	a) Communication Facilities	Free communication facilities like Telephones/ Internet/ Mobiles/ Fax at residence. (However personal long distance calls will be charged.)
	b) Company's contribution towards Provident Fund, Superannuation or Annuity Fund	As per the Policy of the Company.
	c) Gratuity	Shall not exceed half month's salary, for each completed year of service
	d) Reimbursement of Expenses	The expenses actually and properly incurred for the business of the company.
	e) Earned Privilege Leave	Leave on full pay and allowances as applicable to other employees of the company but not exceeding one month for every 11 month's service
	f) Car	Free use of Company's car with driver

**“FURTHER THAT** commission on profits be paid in addition to the above said salary but the aggregate amount of salary and commission shall not exceed 5% of Profit of the Company calculated in terms of Section 198 & 349 of Companies Act,1956.”

**“FURTHER THAT** Mr.Vishnukant.C.Bhutada as Managing Director will exercise the management control over the affairs of the Company under the control, superintendence and direction of the Board of Directors.”

**“FURTHER THAT** the Board of Directors may be authorized to execute and furnish such documents, information and statements as may be required and to do all such necessary acts, deeds and things to give effect to the above resolutions”

**“FURTHER THAT** the Agreement to be entered into by the Company and Mr.Vishnukant.C. Bhutada be and is hereby approved and recommended.”

7. To Consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 314 (1B) of the Companies Act, 1956(“Act”),(herewith referred to as the “Act” which shall include any statutory modification(s) or re-enactment(s) thereof) read with Director’s Relatives (Office or Place of Profit) Rules, 2003 and in supersession of the resolution passed at the 22<sup>nd</sup> AGM of the Company, the consent be and is hereby accorded for the appointment of Mr.Deepak Inani as AGM (Projects) of the Company and to hold an office or place of profit who is a relative of Mr.Omprakash Inani, Chairman of the Company on such terms and conditions and on such remuneration payable to Mr.Deepak Inani which shall not exceed Rs.30,00,000/- (Rupees Thirty Lakhs Only) per annum, w.e.f the 1<sup>st</sup> September, 2012 as detailed hereunder :

1.	Basic Salary	Rs.1,10,000/- (Rupees One Lakh Ten Thousand Only) per month OR as decided by the Board from time to time during the term of the appointment
2.	Perquisites and Allowances:	
	a) House Rent Allowance	Rs. 42,000/- (Rupees Forty Two Thousand Only) per month
	b) Leave Travel Concession	One Month’s Salary
	c) Personal Accident Insurance	As per the rules of the company
	d) Personal Allowances	Rs. 21,500/(Rupees Twenty One Thousand Five Hundred Only) per month
	e) Communication Facilities	Free communication facilities like Telephones/ Internet/ Mobiles at residence
	F) Medical Expenses :	Rs. 60,000/- (Rupees Sixty Thousand Only) per annum
3.	In addition to above perquisites he shall also be entitled to the following benefits:	
	THESE BENEFITS SHALL NOT BE INCLUDED IN THE COMPUTATION OF CEILING ON PERQUISTES:	
	a) Company’s contribution towards Provident Fund, Superannuation or Annuity Fund	As per the Policy of the Company
	b) Gratuity	Shall not exceed half month’s salary, for each completed year of service
	c) Reimbursement of Expenses	The expenses actually and properly incurred for the business of the company.
	d) Earned Privilege Leave	Leave on full pay and allowances as applicable to other employees of the company but not exceeding one month for every 11 month’s service
	e) Car	Free use of Company’s car with driver



**“FURTHER THAT** the Board of Directors be and is hereby authorized to grant from time to time to Mr. Deepak Inani, such increment or increments as the Directors may, in their discretion think fit but so that his consolidated salary and perks shall not exceed Rs.30,00,000/- P.A. ”

**“FURTHER THAT** the Board of Directors may be authorized to execute and furnish such documents, information and statements as may be required and to do all such necessary acts, deeds and things to give effect to the above resolutions”

By order of the Board of Directors  
For **Shilpa Medicare Limited**

**Nagalakshmi Popuri**  
Company Secretary

Place: Hyderabad  
Date : 10<sup>th</sup> August, 2012

## NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxy forms in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.
3. The Share Transfer Register and the Register of Members of the Company will remain closed from 19<sup>th</sup> September, 2012 to 22<sup>nd</sup> September, 2012 ( both days inclusive ) .
4. M/s. Karvy Computershare Pvt. Ltd., Plot No. 17 to 24, Vithalrao Nagar, Madhapur, Hyderabad - 500081, A.P. is the Share Transfer Agent (STA) of the Company. All communications in respect of share transfers and change in the address of the members may be communicated to them.
5. Members seeking any information or clarification on the accounts are requested to send queries in writing to the Registered office of the Company, at least one week before the date of the meeting. Replies will be provided in respect of such written queries at the meeting.
6. Securities and Exchange Board of India, vide Circular Ref.No. MRD/Dop/Cir-05/2009 dated May 20, 2009 made it mandatory to have PAN particulars for registration of physical share transfers requests. Based on the directive contained in the said circular, all share transfer requests received after 20th May, 2009 should therefore be accompanied with PAN details.
7. All the shareholders and beneficial owners who have not claimed the Dividend for the years 2005-06 to 2010-11 required to submit their claims immediately to the Company/ STA for respective Dividends. The Dividends unclaimed for 7 years will be transferred to Investor Education and Protection Fund and the shareholders are not entitled to make any claim from the said Fund in relation to the transferred Unclaimed Dividends.
8. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of special business is annexed hereto.
9. The Annual Accounts of the Subsidiary Companies and the related detailed information are available for inspection of any shareholder at the Registered Office of the Company during business hours and shall be provided to the shareholders who seek such information.
10. Members/Proxies are requested to bring their copies of the Annual Report to the AGM and the Attendance slip duly filled in for attending AGM. Copies of Annual Report will not be provided at the AGM.
11. Corporate members intending to send their authorised representatives to attend the meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
12. Members holding shares in physical form may obtain the Nomination forms from the Company's Registrar & Share Transfer Agents and members holding shares in electronic form may obtain the Nomination form from their respective Depository Participants.
13. Members holding Shares in physical form may write to the Company/Registrar & Share Transfer Agents (RTA) for any change in their address and bank mandates; members having Shares in electronic form may inform the same to their depository participants immediately.

**14. Brief Profile of Directors seeking re-appointment at the 25<sup>th</sup> Annual General Meeting (pursuant to Clause 49 of the Listing Agreement ) is as under:-**

a)	Name	Mr. Venugopal Loya	Mr. Pramod Kasat
b)	<b>Brief Resume</b>		
	i) Age	47 years	42 years
	ii) Qualification	Commerce Graduate	MBA
	iii) Experience & Nature of expertise in specific functional Areas	He has over 23 years of rich experience in the field of Business Management, Accounting Systems, Procedures and Financing. He has been managing and running successfully various businesses of his family.	He is the Executive Director and Head of Investment Banking at Pioneer Investcorp Ltd, Mumbai , a niche boutique Investment bank in Mumbai, India. In this position, he is responsible for advising large and emerging Indian corporate houses for equity and capital raising programs. He has successfully completed few interesting inbound and outbound M&A opportunities for Indian corporate clients. Mr. Kasat has almost 20 years experience in bank lending, credit appraisal, loan review and compliance, Investment Banking, Structured finance, Mezz finance, Private equity transactions working at local financial institutions like Pioneer , ILFS Ltd and global banks like Deutsche Bank, Credit Suisse and Citibank NA.
	iv) Date of appointment on the Board of the Company (Shilpa Medicare Ltd)	07/10/2002	16/03/2010
c)	Names of other companies in which Directorship held (as per Section 275 and 278 of the Companies Act, 1956)	Nil	Supreme Infrastructure India Ltd.
d)	Name(s) of companies in which committee Membership(s) held	1) Shilpa Medicare Limited a) Audit Committee b) Investors' Grievance Committee	1) Shilpa Medicare Limited a) Audit Committee b) Remuneration Committee
e)	No. of shares of Rs.2/- each held by the Director	Nil	31,000
f)	Relationship between Directors inter se ( As per section 6 and schedule 1A of the Companies Act, 1956)	None	None

## EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

### ITEM NO.6

The Company under the leadership of Mr.Vishnukant.C. Bhutada has grown-up manifolds and successfully initiated & implemented various new business plans. Under his supervision the Company achieved better performance, efficiency improvement, quality enhancement. The main reason for the success is his choice of product range and focus, the rapid way he has added products, he knew what was in our control and what was not. What is in our control is, he can add products, markets, etc but what he cannot control is competition and market price. During his previous tenure, under guidance of Mr.Vishnukant.C. Bhutada, Managing Director, the Company has successfully launched new products, completed various projects including 100% EOU Plant, increased the production capacity of other units and also taken-up various new projects which are under implementation.

The Board of Directors on 10<sup>th</sup> August, 2012 considered the reappointment of Mr.Vishnukant.C. Bhutada as Managing Director on the recommendation of the Remuneration Committee. Considering the instrumental role played by Mr.Vishnukant.C. Bhutada from inception of the Company and the performance and achievements of the Company under his supervision, it was decided to recommend for approval of shareholders the proposal to re-appoint him for a period of three years, with effect from 1<sup>st</sup> September, 2012 on the terms and conditions as setout in the resolution.

### A brief profile of Mr. Vishnukant.C. Bhutada :

He is the key and instrumental person in promoting and bringing the company to its present position. He is basically a pharmacy graduate and main guiding force behind the foundation of Shilpa Medicare Limited. Brought the Company to its present level of operations in API and Oncology segments. The company achieved various prestigious awards under his stewardship. He has been heading the Company with his vast experience in pharmaceutical industry and international marketing.

### Other Company Directorships :

Name of the Company	Position	Remarks
Raichem Life Sciences Private Limited	Director	Subsidiary of Shilpa Medicare Limited
Shilpa Finvest Private Limited	Director	--
Zatortia Holdings Limited, Cyprus	Director	Subsidiary of Shilpa Medicare Limited
Raichem Medicare Private Limited	Director	Subsidiary of Shilpa Medicare Limited
Nu Therapeutics Private Limited	Nominee Director	Subsidiary of Shilpa Medicare Limited
Milap Real Estate Private Limited	Director	--

Apart from Mr. Vishnukant.C. Bhutada being the appointee Mr.Omprakash Inani who is his relative are considered to be interested in the above said resolution. This may also be treated as memorandum issued pursuant to Section 302 of the Companies Act, 1956.



**ITEM NO.7**

The Company is one of the leading manufacturer and marketer of Oncology, Bulk Drugs & Intermediates in the country. The products manufactured by the Company are exported to various countries like USA, Canada, Australia, Japan and European countries and other regulated and non-regulated Markets. The Company's business consists of mainly Oncology, Bulk Drugs & Drug Intermediates product lines.

Mr. Deepak Inani who was appointed as Manager (Marketing) for 5 Years in July, 2009 has performed exceedingly well. With his efforts, the Company could achieve good progress in the assigned work both in terms of value, volume and finding new customers under difficult conditions on account of stiff competition from China, additional capacities created by the existing players and entry of manufacturers in various countries

During the last 2 years, he has taken keen interest in Project/Maintenance function and gained rich experience in project evaluation, procurement planning, negotiation with Vendors and placing Purchase Orders. He, by his keen interest and tremendous efforts Company's expansion and diversification work could be completed on schedule. Considering these aspects, The Remuneration Committee & the Board thought it fit to recommend to designate him as AGM (Projects) at enhanced remuneration.

In view of the applicability of the provisions of Section 314(1B) of the Companies Act, 1956 read with Directors Relative's (Office or Place of Profit) Rule, 2003, the resolution is required to be passed as a Special Resolution. The Board commends your approval for this resolution.

Mr. Omprakash Inani, Director who is a relative of Mr. Deepak Inani is considered to be interested in this resolution. This may also be treated as memorandum issued pursuant to Section 302 of the Companies Act, 1956.

By order of the Board of Directors  
For **Shilpa Medicare Limited**

**Nagalakshmi Popuri**  
Company Secretary

Place: Hyderabad  
Date : 10<sup>th</sup> August, 2012

## DIRECTOR'S REPORT

To,  
The Shareholders,

Your Directors have pleasure in presenting herewith the 25<sup>th</sup> Annual Report on the business of your Company together with the Audited Accounts for the financial year ended 31<sup>st</sup> March, 2012.

### FINANCIAL RESULTS

( ₹ In Lakhs)

Particulars	Financial Year 2012		Financial Year 2011	
	Standalone	Consolidated	Standalone	Consolidated
Sales (Net of ED)	27,845.48	31,818.19	25,754.35	29,028.57
Other Income	1,015.79	828.16	531.25	515.25
Profit before Interest, Depreciation, Income Tax & Exchange Fluctuation	7,022.95	7,240.71	7,432.05	7,534.29
Interest	148.24	167.41	184.74	205.84
Depreciation	1,142.20	1,436.24	1,042.10	1,295.74
Exchange Fluctuation Loss(+)/Income (-)	285.41	286.26	(378.44)	(379.96)
Net Profit before Tax	5,447.10	5,350.79	6,583.65	6,412.68
<b>Provision for Taxation</b>				
a. Current Tax	1,080.19	1,090.41	1,329.00	1,330.06
b. Less: MAT credit entitlement	(308.21)	(310.80)	-	-
c. Deferred tax	380.75	410.73	162.11	129.94
Profit after Tax	4,294.37	4,160.45	5,092.54	4,952.68
Less: Share in Losses of Associates	-	-	-	10.00
Prior Period adjustment (Loss)	-	(16.97)	(4.31)	(17.89)
Brought forward from previous year	11,487.03	10,124.42	7,147.92	5,948.66
Profit available for appropriation	15,781.40	14,267.90	12,236.14	10,873.54
Transfer to General Reserve	525.00	525.00	525.00	525.00
Provision for proposed Dividend and Dividend Tax	256.52	256.52	224.11	224.11
Add: Loss pertaining to Minority Interest	NA	(12.46)	NA	(0.09)
Balance carried forward to next year	14,999.88	13,498.84	11,487.03	10,124.42

### REVIEW OF OPERATIONS :

Your Company has achieved a turnover of Rs. 278.45 Crs. (Rs.257.54 Crs.) and profit before interest, depreciation and tax (PBDIT) of Rs.70.23 Crs (74.32 Crs) for the year ended March 31, 2012. The net profit is Rs.42.94 Crs as against Rs.50.93 Crs in the previous year. The Company's policy to maintain quality and consistency has been giving good returns by way of long-standing good customer base for the Company due to which the Company is able to maintain its margins though there was a stiff competition particularly from China and other pharma companies. The net profit in terms of EPS is Rs.17.87 against Rs.22.08 in the previous year.

**EXPORTS :**

During the year, your Company has continued to export to various countries and earned valuable foreign exchange of Rs. 22,791.75 Lacs ( Rs.19,741.71 Lacs). This has been recognized by the FKCCI, Bangalore and VITC, Bangalore by bestowing the Best District Exporter and Best Exporter in the category respectively.

Your Company has given utmost thrust on filing DMFs in various countries including Canada, EU Countries, USA and China for marketing Company's products in these Countries.

During the year, your Company received ISO-14001-2004 Certificate from the British Certifications Inc.

**RESEARCH & DEVELOPMENT :**

Your Company attaches utmost importance to Research and Development activities which is essential for survival and future growth of any organization. Company's continuous efforts in this area only. It invented various APIs in Oncology. Company's R & D facilities at Vizag has received the recognition by DSIR during the year.

Your Company has made significant investments in generating clean energy by commissioning biomass fired boilers which has also been registered as CDM Project. This project will generate Certified Emission Reductions (CERs). This is expected to generate more than 3 lacs of CERs in a span of 8 years.

**DIVIDEND :**

Your Directors have recommended dividend of Rs.0.90 i.e. 45% (Rs.0.80 i.e.40%) per equity share of Rs.2/- each for the financial year under review absorbing an amount of Rs. 256.52 lacs inclusive of Dividend Tax.

**SHARE CAPITAL :**

During the year the Company has issued and allotted 5,00,000 equity shares of Rs.2/- each at a premium of Rs.348/- to the Promoters and PACs on preferential basis.

**WOS COMPANIES' OPERATIONS :**

Raichem Life Sciences Private Limited (RLSPL) a 100% subsidiary Company has posted a net loss of Rs.59.14 lacs for the year ended 31st March, 2012. Efforts are being made to stabilize the marketing network of the Company.

Application for merger of Raichem of Life Sciences Pvt. Ltd. with Shilpa Medicare Ltd. is under consideration of the Hon. High Court of Andhra Pradesh.

**STRATEGIC INVESTMENTS :**

During the year Nu Therapeutics Private Limited (NTPL) in which your Company had invested, commenced the commercial production and earned cash profit. To enhance the production, Capex plan is drawn and being executed.

During the year, your Company also invested an amount of Rs.164.98 lacs in Raichem Medicare Private Limited (RMPL) a Joint Venture Company. With this investment RMPL has become a subsidiary of the Company as per section 4 of the Companies Act, 1956.

Raichem Medicare Private Limited, a joint venture company has started the civil construction of plant at Raichur, Karnataka after obtaining the necessary approvals and also finalised Civil Work & POs for major machineries of long delivery schedule have been placed. Barring unforeseen eventually, plant's erection should be completed by March, 2013.

## **DIRECTORS**

Mr. Venugopal Loya and Mr. Pramod Kasat, Directors retires by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

### **COMPLIANCE WITH GENERAL CIRCULAR No.2/2011 DATED 8<sup>th</sup> FEBRUARY, 2011 ISSUED BY THE MINISTRY OF CORPORATE AFFAIRS UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956.**

Since the Central Government had issued a general circular No. 2/2011 dated 8<sup>th</sup> February, 2011 granting general exemption from attaching annual accounts of subsidiary companies subject to fulfillment of few conditions, your Company has duly complied with the respective conditions and opted for exemption. Your Board has passed necessary resolution at its meeting held on August 11, 2011 to comply with the conditions of the circular. Statements pursuant to section 212 of the Companies Act, 1956 relating to performance/financials of the subsidiary companies form part of this Annual Report.

Further, the Board undertakes that the annual accounts of the subsidiary companies and the related detailed information shall be made available for inspection by any shareholders at the Registered Office of the Company during business hours and shall be provided to the shareholders who seek such information.

### **DIRECTORS INFORMATION U/S 217 (2A) OF THE COMPANIES ACT, 1956.**

Details of employees drawing remuneration exceeding limits prescribed U/s 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) rules, 1975 is attached with the report.

## **FIXED DEPOSITS**

The Company has not accepted any deposits which cover under the section 58A of the Companies Act, 1956.

## **DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to Section 217 (2AA) of the Companies Act, 1956 your Directors' confirm that:

- i. In preparation of annual accounts for the Financial Year Ended 31<sup>st</sup> March, 2012 the applicable Accounting Standards have been followed.
- ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the Company at the end of the financial year ended 31<sup>st</sup> March, 2012 and of the profit and loss of the Company for the year.
- iii. The Directors have taken proper and sufficient care for their maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and
- iv. The Directors have prepared the Annual Accounts on a 'going concern' basis.



## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

As required under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the information is given as Annexure to this report.

## **CORPORATE GOVERNANCE**

Your Company has complied with the requirements of Clause 49 of the Listing Agreement entered with the Stock Exchanges. Report on Corporate Governance including Auditor's Certificate on compliance with the Code of Corporate Governance under Clause 49 of the Listing Agreement is enclosed as Annexure to this report.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

A report on the Management Discussion and Analysis for the year under review is annexed hereto and forms part of the Annual Report.

## **AUDITORS**

The Statutory Auditors of the Company, M/s Bohara Bhandari Bung And Associates, Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. The Audit committee and the Board recommended the re-appointment of M/s. Bohara Bhandari Bung And Associates, Chartered Accountants, as Statutory Auditors of your Company.

## **ACKNOWLEDGEMENTS**

Your Directors wish to express their gratitude to the Central and State Governments, Investors, Analysts, Financial Institutions, Banks, Business Associates and Customers, the Medical Profession, Distributors and Suppliers for their whole hearted support. Your Directors commend all the employees of your Company for their continued dedication, significant contributions, hardwork and commitment.

By order of the Board of Directors  
For **Shilpa Medicare Limited**

Place : Hyderabad  
Date : 10<sup>th</sup> August, 2012

**Omprakash Inani**  
Chairman

## ANNEXURES ATTACHED TO DIRECTORS REPORT

### Form – “A”

Particulars under the Companies (Disclosures of particulars in the report of the Board of Directors) Rules, 1998.

Conservation of Energy		Amount in ₹
A. Power and Fuel Consumption	2011-12	2010-11
<b>1. Electricity</b>		
a) Purchased unit (Kwh)	7047216	7599433
Total Amount (Rs.)	391,19,804	391,98,624
Rate/Unit (Rs.)	5.55	5.16
b) Own Generation		
Through Diesel Generator		
Unit (Kwh)	662753	370825
Units per Ltr of Diesel Oil (Kwh)	3.21	3.30
Cost/Unit (Rs)	11.99	11.19
<b>2. Paddy Husk</b>		
Qty (Kg)	13768799	7362693
Value (Rs.)	230,48,885	128,76,582
Rate/Kg (Rs.)	1.67	1.75
<b>3. Fire Wood</b>		
Qty (Kg)	1551595	0
Value (Rs)	38,13,159	0
Rate/Kg (Rs.)	2.46	0
<b>B. Consumption * per unit of production</b>		
Electricity (Kwh)	16.65	22.94
Paddy Husk (Kg)	29.73	21.19
Wood (Kg)	3.35	0

Note: \*Production Unit is different for different products, hence consumption per unit cannot be worked out precisely. Therefore, total quantity of production considered in kgs only.

Form-“B”

PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

A. RESEARCH AND DEVELOPMENT (R&D)

B. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

SPECIFIC AREAS IN WHICH R & D WAS CARRIED OUT

Research & Development activity gained momentum during the financial year. Development stage of our Oncology products is satisfactory.

BENEFITS DERIVED

Product stabilization and reduction of cost found non-infringing process for Oncology products. Further, Company plans to develop new products to increase revenue from Oncology products and share in the market.

EXPENDITURE

Total R & D expenditure including depreciation during the year was Rs.1929.84 Lacs including capital expenditure of Rs.1058.52 Lacs excluding first time investment in new plant. The corresponding previous year spends were Rs. 205.00 Lacs including capital expenditure of Rs.56.65 Lacs.

FOREIGN EXCHANGE EARNINGS AND OUTGO : Pl. refer Note No. 37 & 38 of Notes to Accounts.

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 AND FORMING PART OF THE MANAGING DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012.

Name	Age (Years)	Qualifications	Designation	Date of Joining	Experience (Years)	Gross Remuneration	Particulars of last Employment, Name of Designation, Period of Service
Vishnukant.C. Bhutada	49	B. Pharm	Managing Director	20-11-1987	25	Rs.256.99 Lacs	None

- NOTES: 1. Remuneration includes actual payment of salary, commission and/or taxable value of Perquisites and Company's contribution to Provident Fund.  
 2. Nature of Appointment- the appointment is on contractual basis.  
 3. Other terms and conditions – As per the resolution of General Meeting Dated. 30-09-2009

By order of the Board of Directors  
For Shilpa Medicare Limited

Place : Hyderabad  
Date : 10<sup>th</sup> August, 2012

Omprakash Inani  
Chairman

## MANAGEMENT DISCUSSION AND ANALYSIS

### PHARMACEUTICALS INDUSTRY OVERVIEW

#### GLOBAL INDUSTRY OVERVIEW :

Divergent growth rates expected for developed and pharmerging markets. As countries recover from the global economic crisis at different rates, there is growing divergence in the pace of pharmaceutical growth among major markets. The global pharmaceutical market is currently estimated at around USD 850 billion. It is anticipated to reach nearly USD 1,100 billion by 2015 of this, the pharmerging countries are expected to add USD 150 billions contributing close to 28% of the global pharmaceutical market. Many of these markets are benefiting from greater government, greater demand and access to medicines.

The largest growth in the next five years is expected to be from pharmerging market, driven by improved access to drugs, increased purchasing power and strengthening economies resulting in higher demand, primarily for generic drugs. Pharmerging markets are now displaying patterns of diseases remarkably similar to those of the developed world with a changing trend from anti-diabetes and diseases of the heart.

Pharmerging economies are expected to contribute two-thirds of the incremental growth of the global market over the next five years. Thus the spending in 2015 is expected to be between USD 400 billion and USD 430 billion up from USD 234 billion in 2010-70% of which is expected to be from pharmerging markets.

According to IMS health, oncology related pharmaceutical growth continues outperforming the pharmaceutical market, although the growth is easing. The global oncology market forecast is \$ 75 billion by 2013, driven by innovative targeted therapeutics, earlier detection, increasing numbers of patients on chemotherapy, longer treatment durations and extended indications.

#### INDIAN INDUSTRY OVERVIEW :

India's pharmaceutical market grew at 15.7 percent during the year. The Indian pharmaceutical industry is expected to grow at a rate of 9.5% till 2015. Moreover, the increasing population of the higher-income group in the country will be a potential market for companies, selling costly drugs by 2015. The Indian pharmaceutical market is forecasted to grow at an estimated compounded annual growth rate (CAGR) of 16% between 2010 and 2015 and cross USD 20 billion. It is projected to be the third-largest global pharmaceutical market in terms of incremental growth.

Increase in health awareness and higher prevalence of lifestyle related diseases resulting in greater demand for pharmaceutical products in India. Among the therapeutic areas, gastrointestinal (GI) and diabetes would continue to hold the largest market share of 25%. Cardiovascular and oncology, at expected CAGRs of 16% and over the next five years.

The oncology market in India is about \$186 million, and is expected to reach \$693 million by 2012, a Compound Annual Growth Rate (CAGR) of nearly 30%. More than 30 drug companies are active in Indian oncology market. The current market is largely generic and dominated by regional players. In the last few years many multinational drug companies have entered the Indian Oncology market.

#### OUTLOOK ON OPPORTUNITIES, THREATS, RISKS AND CONCERNS :

Current global financial conditions and the threat of a broad recession accelerated the timetable for implementing transformational changes in global organizations, as the industry confronts lower corporate stock prices and an increasingly cost-averse customer. Leaders of the largest global pharmaceutical companies recognize the need for transformational change in their organizations, but will need to move swiftly to ensure sustained growth.



The Indian stock market may be dreading a possible recession but Indian pharma companies seem unfazed by slowdown fears. Riding on better sales in the domestic and export markets, Indian pharmaceutical industry is expected to continue with its good performance. Today Indian pharmaceutical industry can look forward to the years to come, with great expectations. There are opportunities in expanding the range of generic products as more molecule come off patent, outsourcing, and above all, in focusing into drug discovery as more profits come from traditional plays.

At the same time, the Indian Pharma Industry would have to contend with several concerns particularly the:

- Effects of new product patent
- Drug price control
- Regulatory reforms
- Infrastructure development
- Quality management and
- Conformance to global standards.

### **INTERNAL CONTROL SYSTEMS AND ADEQUACY :**

Your Company conducts its business with integrity and high standards of ethical behavior, and in compliance with the laws and regulations that govern its business. Your Company has a well established framework of internal controls in operation, supported by standard operating procedures, policies and guidelines, including suitable monitoring procedures and self-assessment exercises. In addition to external audit, the financial and operating controls of your Company is reviewed by the Internal Auditors, who report significant findings to the Audit Committee of the Board. Compliance with laws and regulations is also monitored. Your Company's Code of Conduct sets out the fundamental standards to be followed by employees in their everyday actions. In accordance with the Code of Conduct, and Standards associated with the Code of Conduct, employees are required to become familiar with the legal requirements, policies and procedures applicable to their areas of operation, avoid conflicts of interest and are tasked with upward reporting of all unethical and illegal conduct. All employees are committed to the principle of performance with integrity and ensuring that activities comply with all applicable laws. Additionally, Managers are required to certify on an annual basis whether there have been any transactions which are fraudulent, illegal or violative of the Code of Conduct. Strong oversight and self monitoring policies and procedures demonstrate your Company's commitment to the highest standards of integrity.

### **FINANCIAL PERFORMANCE :**

During the year, the Company recorded sales of Rs. 278.45 Crs. Profit margins were affected primarily due to forex movement and increase in expenses during the year. Earnings before tax were at Rs. 5447.10 Crs and earnings after tax were at Rs. 4294.37 Crs.

### **HUMAN RESOURCES :**

Capability Building, Talent Management and Employee Engagement remain the key focus of your company's Human Resource strategy. Your Company has continued to build on its capabilities in getting the right talent to support the different therapy areas in which it does business. These are backed by robust management training schemes, hiring of key management personnel, and sales training.

Human resources are the most valuable asset for the Company, and Shilpa Medicare continues to seek, retain and enrich the best available talent.



The human resource plays an important and vital role in the growth and success of an organization. Your Company has maintained cordial and harmonious relations with all employees.

The Company provides an environment which encourages initiative, innovative thinking, and rewards performance. The Company ensures training and development of its personnel through succession planning, job rotation, on- the- job training and various training programs and workshops.

### CAUTIONARY STATEMENT :

Statements in the “Management Discussion and Analysis” describing the Company’s objectives, estimates, expectations or projections may be “forward looking statements” within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company’s operations; include Government regulations, patent laws, tax regimes, economic developments within India and countries in which the Company conducts business, litigation and other allied factors.

## **CORPORATE GOVERNANCE REPORT**

(As required under Clause 49 of the Listing Agreement)

The Company's shares were listed on Bombay Stock Exchange Limited on 19-06-1995 and National Stock Exchange Limited on 03-12-2009. The Corporate Governance Report has been prepared in accordance with Clause 49 of the Listing Agreement with the Stock Exchanges.

### **1. CORPORATE GOVERNANCE PHILOSOPHY**

The Company is committed to the highest standards of Corporate Governance Practices. The Company relies on the strong Corporate Governance systems and policies of business for healthy growth, accountability and transparency. Good Corporate Governance will certainly benefit the Board and Management to carry out the objectives effectively for the benefit of the company and its shareholders. The code of Corporate Governance emphasizes the transparency of systems to enhance the benefit of shareholders, customers, creditors and employees of the Company. In addition to compliance with regulatory requirements, the Company endeavors to ensure that the highest standards of ethical conduct are maintained throughout the organization.

The company has complied with the requirements of the Corporate Governance Code in terms of Clause 49 of the Listing Agreement with the Stock Exchanges as disclosed herein below.

### **2. BOARD OF DIRECTORS**

The Board of Directors along with its committees provides focus and guidance to the Company's Management as well as directs and monitors the performance of the Company.

The Board presently comprises of Eight (8) Directors, having rich and vast experience with specialized skills in their respective fields, out of which Seven (7) are Non-Executive Directors. The Company has a Non-Executive (Promoter) Chairman. The Independent Directors are more than 50% of the total number of Directors with the Managing Director being the only Executive Director on the Board of the Company.

All the Directors on the Board of the Company have made necessary declarations/disclosures regarding their other Directorships along with Committee positions held by them in other Companies.

During the year under review Four Board Meetings were held on 12-05-2011, 11-08-2011, 12-11-2011, 09-02-2012. The maximum gap between two consecutive meetings did not exceed four months. The details of the meetings held are as follows :

Name of the Director	Category	No. of Board Meetings during the Year 2011-2012 and attendance		Attendance at last AGM 22-09-2011	@No of Directorships held in other Companies.	#No. of Memberships held in Committees.
		Held	Attended			
Omprakash Inani	Chairman, Non-executive -Promoter	4	4	Yes	NIL	2
Vishnukant .C. Bhutada	Managing Director, Promoter	4	4	Yes	NIL	1
Venugopal Loya	Independent Director	4	4	Yes	NIL	2
Carlton Felix Pereira	Independent Director	4	4	No	4	NIL
N.P.S. Shinh	Independent Director	4	2	No	5	NIL
Rajender Sunki Reddy	Independent Director	4	3	Yes	NIL	1
Pramod Badrinarayan Kasat	Independent Director	4	4	No	1	1
Ajeet Singh Karan	Independent Director	4	4	No	2	NIL
Abhay Bindumadhav Upasani*	Independent Director	3	0	No	NIL	NIL

@ Note: Excluding Directorship in Foreign and Private Limited Companies.

\* Mr. Abhay Bindumadhav Upasani ceased to be the director of the company w.e.f 09-02-2012.

# Only Membership of Audit and Investor Grievances Committees are considered.

### 3. COMMITTEES OF DIRECTORS

#### A. AUDIT COMMITTEE

The Company constituted a Qualified and Independent Audit Committee comprising of three Non-Executive Independent Directors in accordance with the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges and Section 292A of the Companies Act, 1956.

The Committee is empowered with the powers as prescribed under Clause 49 of Listing Agreement and Section 292A of the Companies Act, 1956. The Committee also acts in terms of reference and directions of the Board from time to time.

The composition of the Audit Committee and the attendance of each Member of the Committee at the meetings were as follows:

S.No	Name of the Director	Category	No. of meetings held during the year	No. of meetings attended
1	Venugopal Loya	Chairman	4	4
2	Omprakash Inani	Member	4	4
3	Pramod Kasat	Member	4	1
4	Rajender Sunki Reddy	Member	4	4



The Chairman of the Audit Committee also attended the last Annual General Meeting of the company.

The Managing Director, Sr. Mgr. Finance, Internal Auditors and Statutory Auditors are also invited to the meetings, as required, to brief the Committee Meetings. The Company Secretary acts as the Secretary of the Committee.

The Audit Committee meetings were held during the year under review on the following dates 11-05-2011, 10-08-2011, 11-11-2011 and 08-02-2012. The gap between two Audit Committee meetings was not more than four months.

The necessary quorum was present at all the meetings.

## B. REMUNERATION COMMITTEE

The Remuneration Committee comprises of Three (3) Non-Executive Directors. The composition of the Remuneration Committee is as follows:

S.No.	Name of the Director	Category
1	Pramod Kasat	Chairman
2	Omprakash Inani	Member
3	Venugopal Loya	Member

The Remuneration Committee reviews the remuneration package payable to Executive Director(s) and Other Senior Executives in the top level management of the Company and other elements of their appointment and gives its recommendations to the Board and acts in terms of reference of the Board from time to time.

The details of remuneration and commission paid during the year to the Managing Director, is as follows:

(₹ in Lacs)	
Salary	99.50
Allowances, Perquisites & others	0.29
Commission	150.00
Companies Contribution to PF	7.20
<b>Total</b>	<b>256.99</b>

Apart from the above, he is also eligible for the Leave encashment, Leave Travel Concession, Gratuity and other benefits in terms of his appointment and rules of the Company.

Compensation paid to Non-Executive Directors and their shareholding is as follows:

(₹ in Lacs)

Name of the Director	Sitting Fees Paid Rs.	No. of shares held on 31-03-2012
Omprakash Inani	0.40	779776
N.P.S. Shinh	0.20	Nil
Carlton Felix Pereira	0.40	490
Pramod Badrinarayan Kasat	Nil	31000
Venugopal Loya	0.20	Nil
Rajender Sunki Reddy	Nil	5300
Ajit Singh Karan	Nil	Nil

Other than the sitting fees to Non-Executive Directors, there was no material pecuniary relationship or transaction with the Company. The Company has not issued any stock options to its Directors/Employees.

### C. INVESTOR RELATIONS COMMITTEE

The present composition of the Investors Relations Committee (Shareholders/ Investors Grievances Committee) is as under:

Name of the Director	Nature of Directorship	Membership
Omprakash Inani	Non-Executive	Chairman
Vishnukant.C. Bhutada	Managing Director	Member
Venugopal Loya	Non-Executive	Member

The Investors Relations Committee of the Board is empowered to oversee the redressal of investor's complaints pertaining to share transfer, non-receipt of Annual Reports, dividend payments, issue of duplicate share certificate, transmission of shares and other miscellaneous complaints. In accordance with Clause 49 of the Listing Agreement with Stock Exchanges, the Board has authorized the Compliance Officer to approve the share transfers/transmissions and comply with other formalities in relation thereto. All investor's complaints, which cannot be settled at the level of the Compliance Officer, will be placed before the Committee for final settlement.

There were no pending share transfers and un-resolved shareholders' grievances pertaining to the Financial Year ended 31<sup>st</sup> March, 2012.

#### 4. GENERAL BODY MEETINGS

i) The Details of the last three Annual General Meetings are given below:

March 31 <sup>st</sup> , 2011	22 <sup>nd</sup> September, 2011	Hotel Nrupatunga, Ambedkar Circle, Station Road, Raichur- 584101, Karnataka	11.30 AM	No Special Resolution
March 31 <sup>st</sup> , 2010	30 <sup>th</sup> September, 2010	Hotel Nrupatunga, Ambedkar Circle, Station Road, Raichur- 584101, Karnataka	11.30 AM	No Special Resolution
March 31 <sup>st</sup> , 2009	30 <sup>th</sup> September, 2009	Hotel Nrupatunga, Ambedkar Circle, Station Road, Raichur - 584101, Karnataka	11.00 AM	1) Appointment of Mr. Deepak Kumar Inani (U/s. 314 of the Companies Act, 1956) as Manager (Marketing) of the Company.  2) Re-appointment of Mr. Vishnukant .C. Bhutada as Managing Director.

ii) During the last three years the following Extra-Ordinary General Meetings were held at 10/80, 1st Floor, Rajendra Gunj, Raichur.

Year	Date	Time	Special Resolutions Passed
2011-2012	No Extra-ordinary General Meeting of the members was held during the year		
2010-2011	10-09-2010	12.15 P.M.	1) Consent under section 81(1A) of the Companies Act, 1956 to issue 20,00,000 shares on preferential basis to Baring India Private Equity Fund III Limited.  2) Consent under section 81(1A) of the Companies Act, 1956 to issue 5,00,000 shares/ warrants to promoters.
2009-2010	No Extra-ordinary General Meeting of the members was held during the year		

## 5. DISCLOSURES

### A. Disclosures on Materially Significant Related Party Transactions

There were no materially significant related party transactions compared to the business volume of the Company during the year conflicting with the interest of the Company.

### B. Details of Non-Compliance and Penalties

There was no non-compliance during the last three years by the Company on any matter related to Capital Market. There were no penalties imposed nor strictures passed on the Company by the Stock Exchanges, SEBI or any other Statutory Authority relating to Capital Markets.

### C. As per the Internal Code of Conduct the employees have been given access to the Audit Committee.

### D. CEO/ CFO Certification

The Managing Director and Manager –Finance (who is heading the finance functions) have certified to the Board in accordance with Clause 49 (v) of the Listing Agreement pertaining to CEO certification for the financial year ended 31<sup>st</sup> March, 2012.

### E. Compliance Certificate

Compliance certificate for Corporate Governance from Auditors of the Company is annexed hereto and forms part of this report.

### F. Code of Conduct

The Company has framed the Code of Conduct for Directors and Senior Management. The Code of Conduct is applicable to all Directors and Senior Management of the Company. All the members of the Board and Senior Management of the Company have affirmed compliance with their respective Codes of Conduct for the financial year ended 31<sup>st</sup> March, 2012. A declaration to this effect, duly signed by the Managing Director is annexed hereto and forms part of this Report.

### G. Details of Compliances with Mandatory Requirements and Adoption of the Non-Mandatory Requirements

The Company has complied with the mandatory requirements of Clause 49 and is in the process of implementation of Non-Mandatory Requirements.

### H. Relationship inter-se among Directors

In accordance with the provisions of Section 6 read with Schedule IA of the Companies Act, 1956, managing Director, Mr. Vishnukant Chaturbhuj Bhutada and Chairman of the Board Mr. Omprakash Inani belongs to promoter group and are related to each other.

## 6. MEANS OF COMMUNICATION

- A. Quarterly and half-yearly reports are published in two Newspapers- one in English and one in Kannada.
- B. The Financial Results are regularly submitted to the Stock Exchanges in accordance with the Listing Agreement and simultaneously displayed on the Company's website [www.vbshilpa.com](http://www.vbshilpa.com). The Secretarial Department serves to inform the investors by providing key and timely information like details of Directors, Financial Results, Shareholding Pattern, etc.
- C. The Company is also displaying official news announcements on its website [www.vbshilpa.com](http://www.vbshilpa.com).
- D. Management Discussion and Analysis forms part of this Annual Report.

## 7. GENERAL SHAREHOLDER'S INFORMATION

### A. Annual General Meeting

<b>Date and Time</b>	29 <sup>th</sup> September, 2012 @ 11.30 AM
<b>Venue</b>	Hotel Nrupatunga, Ambedkar Circle, Station Road, Raichur- 584101, Karnataka
<b>Last Date of Proxy forms submission</b>	11.30 AM on 27-09-2012

**B. Financial Year** : 1<sup>st</sup> April, 2011 to 31<sup>st</sup> March, 2012

**C. Book Closure** : 19<sup>th</sup> September, 2012 to 22<sup>nd</sup> September, 2012

**D. Dividend Payment Date** : Within 15 days from the date of AGM's approval.

**E. Listing on Stock Exchanges** : 1. Bombay Stock Exchange Limited,  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai.

2. National Stock Exchange of India Limited,  
"EXCHANGE PLAZA", 5th Floor, Plot No. C/1,  
G Block, Bhandra- kurla Complex, Bandra (E),  
Mumbai

### F. Stock Code

<b>Name of the Stock Exchanges</b>	<b>Stock Code/Series</b>	<b>Scrip Code</b>
Bombay Stock Exchange Limited	530549	SHILPA MEDCA
National Stock Exchange Limited	EQ	SHILPAMED
Demat ISIN No. for NSDL & CDSL	INE790G01023	

The Companies Securities are listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. The Listing Fees for the year 2011-2012 have been paid to both the above said Stock Exchanges.

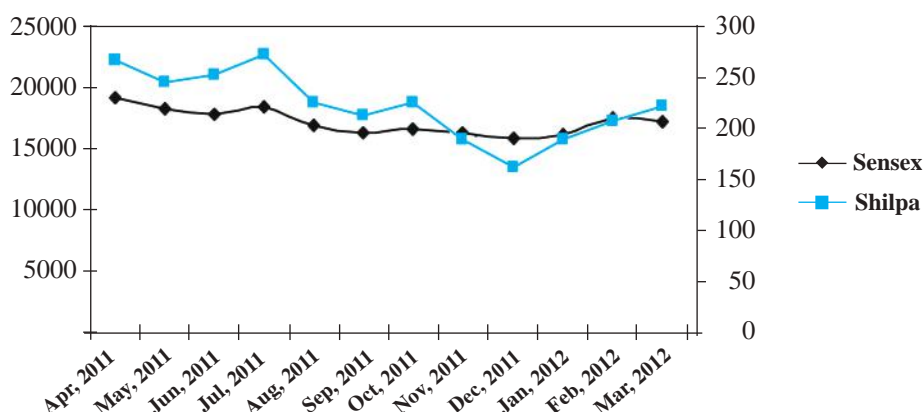


## G. Market Price Data & Share Performance of the Company.

The monthly High, Low and trading volumes of the Company's Equity Shares during the last financial year 2011-2012 at The Bombay Stock Exchange Limited and The National Stock Exchange of India Limited are given below:

Month	Bombay Stock Exchange Limited (BSE)			National Stock Exchange of India Limited (NSE)		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
April, 2011	286.95	250.80	27772	298.80	250.05	160724
May, 2011	265.00	231.00	123015	265.00	230.55	171757
June, 2011	283.90	226.00	32914	287.10	224.00	58506
July, 2011	296.00	251.30	100886	295.00	252.25	183024
August, 2011	256.00	198.00	39099	261.00	190.00	191581
September, 2011	227.45	202.00	31252	230.00	195.00	90225
October, 2011	245.80	208.55	39001	236.35	210.15	57529
November, 2011	228.00	152.55	37179	227.70	152.00	40620
December, 2011	192.00	135.30	67666	179.00	135.10	113355
January, 2012	226.00	156.20	288044	212.50	155.50	27617
February, 2012	229.00	190.00	46973	230.00	188.00	152744
March, 2012	247.80	198.25	238362	247.00	195.50	412628

## H. Share Performance of the Company in Comparison with BSE Sensex



All Services relating to share transfer/transmissions and information may be addressed to:

### I. Registrar and Share Transfer Agent

M/s. Karvy Computershare Private Limited,  
Plot No. 17 to 24, Vithalrao Nagar, Madhapur,  
Hyderabad- 500081, A.P  
Tel: 040-23420815-28  
Fax: 040-23420814/ 23420857  
Email: mailmanager@karvy.com  
Website: www.karvycomputershare.com

The Company periodically audits the operations of Share Transfer Agent.

**J. Share Transfer System**

Share Transfers in physical form shall be lodged with the Registrar at the above-said address. The share transfers are generally processed by our Registrar within 15 days from the date of receipt provided the documents are complete in all respects.

Pursuant to Clause 47 (c) of The Listing Agreement with the Stock Exchanges, Certificates, on half-yearly basis, have been given by a Practicing Company Secretary with respect to due compliance of shares transfer formalities.

**K. Distribution of Equity Shares as on 31<sup>st</sup> March, 2012**

CATEGORY		No. of Shareholders	% to Shareholders	No. of Shares Held	% to Capital
From	To				
1	5000	4014	92.64	1301198	5.31
5001	10000	153	3.53	580030	2.37
10001	20000	63	1.45	468919	1.91
20001	30000	17	0.39	210867	0.86
30001	40000	4	0.09	70913	0.29
40001	50000	7	0.16	161008	0.66
50001	100000	15	0.35	563574	2.30
100001	ABOVE	60	1.39	21167656	86.30
	<b>TOTAL</b>	<b>4333</b>	<b>100.00</b>	<b>24524165</b>	<b>100.00</b>

**L. Shareholding Pattern as on 31<sup>st</sup> March, 2012**

Category	No. of Shares held	% of Capital
Indian Promoters	13704441	55.88
Banks, Financial Institutions, Insurance Companies (Central/State Govt Institutions/ Non-Govt. Institution)	500	0.00
Indian Public	4750375	19.37
Private Corporate Bodies	1865186	7.61
NRI's/OCB's/FCB's, others	2778975	11.33
Mutual Funds	1288406	5.25
HUF's	121050	0.49
Clearing Members	15232	0.07
<b>Total</b>	<b>24524165</b>	<b>100.00</b>

## M. Dematerialization of Shares and Liquidity

The Company has made necessary arrangements with National Securities Depository Limited (NSDL) and Central Depository Services (India) limited (CDSL) for dematerialization facility. As on 31<sup>st</sup> March, 2012, 98.41% of the Company's Equity shares are in dematerialized form. The ISIN NO. / Code for the Company's Equity Shares is INE790G01023. Shareholders can open an account with any of the depository participants registered with any of these depositories.

## N. Plant Locations

1. Plot Nos. 1A, 1B, 2, 2A, 3A to 3E & 4A to 4C, 5A, 5B  
Deosugur Industrial Area,  
Deosugur- 584170  
(Dist. Raichur)

2. **100% EOU & R & D Centre**  
Plot No 33-33A, 40 to 47,  
Raichur Industrial Growth Centre  
Wadloor Road, Chicksugur Cross,  
Chicksugur- 584134  
(Dist. Raichur)

3. **R & D Unit Vizag**  
Survey No-207, Modavalasa Village,  
Denkada Mandalam,  
Dist. Vizayanagaram - 531162 (AP)

4. **Wind Mills**

Machine- No.1	Machine-No.2	Machine- No. 3	Machine- No.4
Madkaripura, Dist. Chitradurga.	Jogimatti, Dist. Chitradurga.	Vanivilas Sagar, Dist. Chitradurga.	Kodameedipalli, Dist. Kurnool.

## O. Subsidiaries

1. **LOBA Feinchemie GmbH, (Step-down Subsidiary)**  
Fehragasse 7, A- 2401, Fischamend, Austria.
2. **ZATORTIA HOLDINGS LIMITED,**  
17, GR.Xnopoulo Street, Totalserve House- 3106,  
Limassol – Cyprus,P.O Box- 54425, 3724
3. **RAICHEM LIFE SCIENCES PRIVATE LIMITED,**  
8, Shreeji House, 1st Floor, 75, Mint Road, Fort,  
Mumbai- 400 001.

4. **RAICHEM MEDICARE PRIVATE LIMITED,**  
2nd Floor, 10/80, Rajendra Gunj, Raichur, Karnataka- 584102
5. **NU THERAPEUTICS PRIVATE LIMITED,**  
Plot No.118 Phase-III, IDA, Cherlapalli, Hyderabad – 500051

**P. Address for Correspondence**

**Shilpa Medicare Limited**

1<sup>st</sup> Floor, 10/80, Rajendra Gunj,  
Raichur- 584102  
Karnataka

For and on behalf of the Board of Directors  
**Shilpa Medicare Limited**

Place: Hyderabad  
Date : 10<sup>th</sup> August, 2012

**Omprakash Inani**  
Chairman

## Managing Director's and Finance Manager's Certification

We have reviewed the financial statements, read with the cash flow statement of Shilpa Medicare Limited for the year ended March 31<sup>st</sup> March, 2012 and that to the best of our knowledge and belief, we state that;

- a) (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading.
- (ii) These statements present true and fair view of the company's affairs and are in compliance with current Accounting standards, applicable laws and regulations.
- b) There are, to the best of my knowledge and belief, no transaction entered into by the company during the year which are fraudulent, illegal or in violation of the company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company and have disclosed to the auditors and audit committee deficiencies in the design or operation of internal control, if any, and steps taken or proposed to be taken for rectifying these deficiencies.
- d) We have indicated to the auditors and audit committee:
  - (i) Significant changes in accounting policies made during the year and that the same have been disclosed suitably in the notes to the financial statements and
  - (ii) There are no instances of fraud involving the management or an employee.

**N.C. Bhandari**  
Sr. Manager-Finance

**Vishnukant.C. Bhutada**  
Managing Director

**Place : Hyderabad**

**Date : 10<sup>th</sup> August, 2012**

## Declaration by the Managing Director

I, Vishnukant.C.Bhutada, Managing Director, hereby declare that the Company has received the declarations from all the Board Members and Senior Management Personnel affirming compliance with Code of Conduct for Members of the Board and Senior Management for the year 2011-2012.

**Vishnukant. C. Bhutada**  
Managing Director

**Place : Hyderabad**

**Date : 10<sup>th</sup> August, 2012**



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**AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

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To,  
The Members of Shilpa Medicare Ltd.,

We have examined the Compliance of Corporate Governance by Shilpa Medicare Ltd., (the "Company") for the Financial Year ended on 31<sup>st</sup> March, 2012, as stipulated in clause 49 of the Listing Agreement of the Company with the concerned Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

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

**For Bohara Bhandari Bung And Associates**

Chartered Accountants

Firm Regn No:008127S

**CA. Pankajkumar Bohara**

Partner

M.No.215471

**Place /Camp : Hyderabad**

**Dated : 10<sup>th</sup> August, 2012**

## AUDITOR'S REPORT

To,  
The Members of  
**Shilpa Medicare Limited**

We have audited the attached Balance Sheet of **Shilpa Medicare Limited** ("the Company") as at 31<sup>st</sup> March, 2012, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidences supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 (as amended) ("the order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that :

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
2. 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;
3. The Balance Sheet, Statement of Profit and Loss and Cash flow statement, dealt with by this report are in agreement with the books of account;
4. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
5. On the basis of written representations received from the Directors, as on 31<sup>st</sup> March, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and other notes thereon, give the information required by the Companies Act, 1956, 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 31<sup>st</sup> March, 2012;
  - (b) in the case of the Statement of Profit and Loss, of the Profit 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.

**For Bohara Bhandari Bung And Associates**  
Chartered Accountants  
Firm Regn No: 008127S

**CA. Pankajkumar Bohara**  
Partner - M.No.215471  
**Place /Camp : Hyderabad**  
**Dated : 10<sup>th</sup> August, 2012**

**ANNEXURE REFERRED TO IN OUR REPORT OF EVEN DATE**

On the basis of such checks as we considered appropriate and in terms of information and explanation given to us, we further state that:

1. In respect of Fixed Assets:

- a) The Company has maintained proper records, showing full particulars including Quantitative details and situation of Fixed Assets.
- b) As explained to us, Fixed Assets have been physically verified wherever feasible by the Management and no material discrepancy with respect to book records was noticed on such verification.
- c) During the year the Company has not disposed off a substantial part of the Fixed Assets.

2. In respect of Inventories:

- a) The Inventory in its possession has been physically verified by the management. In our opinion the frequency of the verification is reasonable. The Stocks lying with third parties have been verified with reference to Statements of Accounts or Subsequent return of goods.
- b) The procedure as explained to us and followed by the Management for physical verification of Inventories is reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) According to the information and explanations given to us, no material discrepancies were noticed on physical verification as compared to book records.

3. In respect of the loans, secured or unsecured, granted or taken by the Company to/from companies, firm or other parties covered in the register maintained under section 301 of the Companies Act, 1956:

- a) The Company has not taken any secured / unsecured loan from any Company covered in the register maintained under section 301 of the Act. However, it had outstanding opening balance of unsecured Loan (Dr) amounting Rs. 938.58 Lakhs to two of its subsidiaries and Rs.79.60 Lakhs (Dr) to one of its Associates respectively. Rs.4,842.85 Lakhs (Incl. Interest) was given to its four subsidiaries and Rs.72.84 Lakhs was given to one of its associate Company during the year. Of which Rs.36.02 Lakhs was repaid by three of its subsidiaries during the year. The total outstanding balance receivable from the Subsidiaries as on 31.03.2012 is Rs.5,729.17 Lakhs and Rs. 152.44 Lakhs from its Associate companies respectively, covered in the register maintained under section 301 of the Act.
- b) The rates of interest and the terms and conditions of the above said transactions wherever applicable, are prima-facie not prejudicial to the interest of the company.
- c) The payment of Principal amount and interest thereon, where ever applicable are regular.
- d) There were no overdue amounts of the aforesaid transactions.

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory and Fixed Assets and also for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control systems.

5. In respect of contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
  - a) According to information and explanations given to us, the transactions made in pursuance of contracts or arrangements that needs to be entered in the Register maintained under sections 301 of the Companies Act, 1956, have been so entered.
  - b) According to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under sec.301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to information and explanations given to us, the Company has not accepted any deposits from the Public.
7. In our opinion, the Company has an internal Audit System commensurate with the size and nature of its business.
8. On the basis of records produced, we are of the opinion that prima-facie cost records and accounts prescribed by the central government under section 209(1) d of the Companies Act, 1956 in respect of the products of the company under the rules under said section are generally maintained / are under preparation. However, we have not made a detailed examination of the records with a view to determining whether they are accurate or complete.
9. In respect of statutory dues:
  - a) According to the records of the company, undisputed statutory dues including Provident Fund, Investors Education Fund, Income-tax, Sales-tax, Wealth-tax, Service tax, Customs duty, Excise Duty, Cess and any other statutory dues has generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amount payable in respect of the aforesaid dues were outstanding as at 31<sup>st</sup> March, 2012 for a period of more than Six months from the date they became payable.
  - b) Details of dues of Income-Tax and Karnataka Value Added Tax which have not been deposited as on 31<sup>st</sup> March, 2012 on account of disputes are given below;

Statute	Nature of Dues	Forum where the dispute is pending	Period to which the amount relates	Amount involved (₹ in Lacs)
Income-Tax Act	Income-Tax	Commissioner of Income tax (Appeals)	A.Y : 2004-05 to A.Y : 2009-10	120.50
Karnataka Value Added Taxes Act,2003	VAT	Karnataka Appellate Tribunal	F.Y : 2006-07	0.87

10. The company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanation given to us, the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
12. According to the information and explanation given to us and based on the information available, no loans and advances have been granted by the Company on the basis of Security by way of pledge of shares, debentures and other Securities.
13. In our opinion the company is not a chit fund or a nidhi fund/mutual benefit fund/society. Therefore, provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
14. The Company did not either deal or trade in shares, securities, debentures and other Investment and hence clause 4(xiv) is not applicable
15. According to the information provided to us, the company has issued a letter of comfort amounting to Rs.6.83 Crores (Euro 10.00 Lakhs) and Corporate Guarantee of Rs.25.00 Crores for loans taken by its subsidiary Companies from banks or financial institutions.
16. In our opinion and according to information and explanation given to us, the term loans have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that there are no funds raised on short-term basis that have been used for long-term investment and vice versa.
18. During the year, the company has made preferential Allotment of 500,000 Equity shares to parties covered in the Register maintained under Section.301 of the Companies Act, 1956 on conversion of share warrants.
19. The Company has not raised funds by way of issue of Debentures. Hence, Clause 4(xix) of Companies (Auditor's Report) Order, 2003 is not applicable to the company.
20. The Company has not raised any funds through Public Issue during the year and hence Clause 4(xx) of Companies (Auditor's Report) Order, 2003 is not applicable to the company.
21. Based upon the Audit procedures performed and information and Explanations given to us, we report that no material fraud on or by the Company has been noticed or reported during the course of our Audit.

**For Bohara Bhandari Bung And Associates**

Chartered Accountants  
(Firm Regn No:008127S)

**CA. Pankajkumar Bohara**

Partner  
M.No.215471

**Place / Camp: Hyderabad**

**Dated : 10<sup>th</sup> August, 2012**



**Part - I - Balance Sheet as at March 31, 2012**
*(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated )*

Particulars	Note	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
(a) Share Capital	2	490.48	480.48
(b) Reserves and Surplus	3	28,724.56	22,603.09
(c) Money received against share warrants	4	-	437.50
		<b>29,215.04</b>	<b>23,521.07</b>
<b>Non-Current Liabilities</b>			
(a) Long-term Borrowings	5	-	1,116.25
(b) Deferred Tax Liabilities (net)	6	1,906.95	1,526.19
(c) Long-term Provisions	7	75.83	59.99
		<b>1,982.78</b>	<b>2,702.43</b>
<b>Current Liabilities</b>			
(a) Short-term Borrowings	8	3,573.15	2,785.90
(b) Trade Payables	9	4,997.27	2,399.55
(c) Other Current Liabilities	10	1,600.86	1,427.00
(d) Short-term Provisions	11	259.02	224.11
		<b>10,430.30</b>	<b>6,836.56</b>
<b>TOTAL</b>		<b>41,628.12</b>	<b>33,060.06</b>
<b>ASSETS</b>			
<b>Non Current Assets</b>			
(a) Fixed Assets (Net Block)			
i) Tangible Assets	12	13,681.68	12,706.83
ii) Intangible Assets	12	1.96	2.66
iii) Capital Work- in-Progress	13	911.98	125.50
		<b>14,595.62</b>	<b>12,834.99</b>
(b) Non-current Investments	14	3,592.24	2,808.41
(c) Long-term Loans and Advances	15	648.35	275.62
		<b>18,836.21</b>	<b>15,919.02</b>
<b>Current Assets</b>			
(a) Current Investments	16	6,802.17	0.00
(b) Inventories	17	5,973.58	3,744.35
(c) Trade Receivables	18	3,263.16	3,363.41
(d) Cash and Cash Equivalents	19	158.44	8,374.75
(e) Short-term Loans and Advances	20	6,543.41	1,595.76
(f) Other Current Assets	21	51.15	62.77
		<b>22,791.91</b>	<b>17,141.04</b>
<b>TOTAL</b>		<b>41,628.12</b>	<b>33,060.06</b>
<b>Notes : 1-50 form an integral part of financial statement.</b>			

As per our Report of even date attached  
for **Bohara Bhandari Bung And Associates**  
Chartered Accountants  
Firm's Registration No.008127S

**CA.Pankajkumar Bohara**  
Partner - M.No.215471

**Place/Camp : Hyderabad**  
**Date: 10<sup>th</sup> August, 2012**

For and on behalf of the Board of Directors

**Omprakash Inani**  
Chairman

**Vishnukant.C. Bhutada**  
Managing Director

**Nagalakshmi Popuri**  
Company Secretary

**N.C. Bhandari**  
Sr.Manager - Finance

## Part - II - Statement of Profit and Loss for the year ended March 31, 2012

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated )

Particulars	Note	For the year ended 31 <sup>st</sup> March, 2012	For the year ended 31 <sup>st</sup> March, 2011
<b>REVENUE</b>			
Revenue from Operations (Gross)	22	28,372.23	26,336.71
Less: Excise Duty		526.75	582.36
		<b>27,845.48</b>	<b>25,754.35</b>
Other Income	23	1,015.79	531.25
<b>Total Revenue</b>		<b>28,861.27</b>	<b>26,285.60</b>
<b>EXPENSES</b>			
a) Cost of Materials Consumed	24	18,638.99	14,242.31
b) Purchases of Stock-in-Trade	25	506.06	299.98
c) Change in Inventory of Finished Goods, Work-in-Progress and Stock-in Trade	26	(1,715.54)	883.98
d) Employee Benefits Expense	27	1,882.42	1,534.94
e) Finance Costs	28	148.24	184.74
f) Depreciation and Amortisation Expense	12	1,142.20	1,042.10
g) Other Expenses	29	2,874.52	1,513.90
<b>Total Expenses</b>		<b>23,476.89</b>	<b>19,701.95</b>
<b>Profit Before Extraordinary Items and Tax</b>		<b>5,384.38</b>	<b>6,583.65</b>
Extraordinary Income	30	62.72	-
Prior Period Expense	31	-	4.31
<b>Profit Before Tax</b>		<b>5,447.10</b>	<b>6,579.34</b>
Tax Expenses			
1. Current Tax		1,080.19	1,329.00
Less: MAT Credit Entitlement		308.21	-
		771.98	1,329.00
2. Deferred Tax (Net)		380.75	162.11
		1,152.73	1,491.11
<b>Profit for the Year</b>		<b>4,294.37</b>	<b>5,088.23</b>
<b>Earning per equity share for Rs.2/- face value (before extraordinary income)</b>			
Basic		17.60	22.08
Diluted		17.60	21.84
<b>Earning per equity share for Rs.2/- face value (after extraordinary income)</b>			
Basic		17.87	22.08
Diluted		17.87	21.84
<b>Number of shares used in computing earnings per share</b>			
Basic		24,037,826	23,059,781
Diluted		24,037,826	23,318,686

Notes : 1-50 form an integral part of financial statement.

As per our Report of even date attached

for **Bohara Bhandari Bung And Associates**  
Chartered Accountants  
Firm's Registration No.008127S

**CA.Pankajkumar Bohara**  
Partner - M.No.215471

**Place/Camp : Hyderabad**  
**Date: 10<sup>th</sup> August, 2012**

For and on behalf of the Board of Directors

**Omprakash Inani**  
Chairman

**Nagalakshmi Popuri**  
Company Secretary

**Vishnukant.C. Bhutada**  
Managing Director

**N.C. Bhandari**  
Sr.Manager - Finance

## Cash Flow Statement for the year ended March 31, 2012

(All amount are in Indian Rupees in lakhs unless otherwise stated)

Particulars	For the year ended 31 <sup>st</sup> March, 2012	For the year ended 31 <sup>st</sup> March, 2011
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profits Before Tax (PBT)	5,447.11	6,583.64
<b>Less: Adjustments</b>		
Interest Received	891.75	364.51
Dividend Income	48.23	-
Liabilities / Provisions Written back	13.96	12.86
Unrealized Gain on Reinstatement	-	78.94
Profit on Sale of Fixed Assets	-	107.67
	4,493.17	6,019.64
<b>Add: Adjustments</b>		
Depreciation & Amortisation	1,142.20	1,042.10
Interest Paid	148.24	184.74
Loss on sale of Fixed Assets	4.11	-
Bad Debts/ Advance Written Off	-	3.39
Unrealized Exchange Loss	138.78	-
Advances Written Off	5.70	-
Operating profit before working capital changes & Other Adjustments	5,932.20	7,249.88
<b>Adjustments for Increase / (Decrease) in Operating Liabilities</b>		
- Trade Payables	2,507.02	(1,184.64)
- Other Current Liabilities & Short Tem Provisions	18.02	(1,260.47)
- Long Term Provisions	15.84	33.66
<b>Adjustments for (Increase) / Decrease in Operating Receivables</b>		
- Inventories	(2,229.23)	620.22
- Trade Receivables	139.53	(230.92)
- Long Term Loans & Advances	(390.76)	406.62
- Short Term Loans & Advances & Other Current Assets	(4,957.53)	(1,125.26)
	1,035.10	4,509.09
Less: Income Taxes (Net)	(777.64)	(1,264.87)
<b>Net Cash flow from Operating activities</b>	<b>257.45</b>	<b>3,244.22</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets (Incl.CWIP)	(2,757.69)	(1,596.54)
Sale of Fixed Assets	13.40	648.10
Capital Advances	18.02	104.93
Interest Received	907.56	352.51
Dividend Income	48.23	-
Non-Current Investments	(6,802.17)	-
Current Investments	(523.16)	(411.10)
<b>Net Cash used in Investing Activities</b>	<b>(9,095.81)</b>	<b>(902.10)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Decrease in Long Term Borrowings	(1,116.25)	(1,865.52)
Increase in Short Term Borrowings	711.86	617.74
Dividend and Corporate Dividend tax paid	(222.34)	(179.34)
Increase in Share Capital	7.50	40.00
Increase in Capital Subsidy	82.94	-
Money received against share warrants	-	437.50
Increase in Securities Premium Account	1,305.00	6,960.00
Interest Paid	(146.67)	(186.87)
<b>Net Cash earned from Financing Activities</b>	<b>622.03</b>	<b>5,823.50</b>
<b>Net Increase/(decrease)in Cash and Cash Equivalents</b>	<b>(8,216.33)</b>	<b>8,165.62</b>
Cash & Cash Equivalents at the Beginning of the year	8,374.77	209.13
<b>Cash &amp; Cash Equivalents at the End of the year</b>	<b>158.44</b>	<b>8,374.76</b>

Components of Cash and Cash Equivalents	For the year ended 31 <sup>st</sup> March, 2012	For the year ended 31 <sup>st</sup> March, 2011
Cash on Hand	12.93	10.49
Cash at Banks		
a) In Fixed Deposit Account (with maturity less than 3 months)	-	8,250.23
b) In Fixed Deposit Account & Assigned as security (with maturity more than 3 months)	2.35	36.00
c) In Unclaimed Dividend Accounts	8.67	6.90
d) In Current Accounts	134.49	71.15
<b>Total Cash and Cash Equivalents</b>	<b>158.44</b>	<b>8,374.76</b>

Note:

1. Previous year figures have been reclassified, wherever necessary.
2. The above Cash Flow Statement has been prepared under “Indirect Method” set out in Accountanting Standard (AS) -3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.

As per our Report of even date attached

for **Bohara Bhandari Bung And Associates**  
Chartered Accountants  
Firm's Registration No.008127S

**CA.Pankajkumar Bohara**  
Partner - M.No.215471

**Place/Camp : Hyderabad**  
**Date: 10<sup>th</sup> August, 2012**

For and on behalf of the Board of Directors

**Omprakash Inani**  
Chairman

**Vishnukant.C. Bhutada**  
Managing Director

**Nagalakshmi Popuri**  
Company Secretary

**N.C. Bhandari**  
Sr.Manager - Finance

## Notes to the Financial Statements for the Year ended 31<sup>st</sup> March, 2012

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated )

### Basis of Preparation

The financial statements have been prepared to comply in all material aspects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and as notified under the Companies (Accounting Standard) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The Company generally follows mercantile system of accounting and recognizes all income and expenditure on accrual basis.

The Accounting policies adopted in the presentation of financial statements are consistent with those of previous year.

### 1. Significant Accounting Policies

**a) Presentation and disclosure of financial statements :**

During the year ended March 31, 2012, the revised schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The Company has reclassified the previous year figures in accordance with the requirements applicable in the current year in view of the revised schedule VI.

**b) Use of Estimates :**

The preparation of financial statements requires estimates and assumptions to be made that effect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

**c) Fixed Assets:**

- i. Tangible Assets are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises of purchase price and any attributable cost of bringing the assets to its working condition for its intended use.
- ii. Intangible Assets are stated at cost less accumulated amortization. Cost includes any expenditure directly attributable on making the asset ready for its intended use.

**d) Depreciation:**

Depreciation on Fixed Assets is provided on straight line method as prescribed in Schedule XIV of the Companies Act 1956 of India. Intangible assets are amortized over their useful life/ a period of ten years.

**e) Impairment of Assets:**

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value being higher of value in use and net selling price. Value in use is computed at net present value of cash flow expected over the balance useful life of the assets. An impairment loss is recognized as an expense in the Profit and Loss Account in the year in which an asset is identified as impaired.

**f) Investments:**

- i. Long Term Investments are carried at cost after deducting provision, if any, for diminution in value considered being other than temporary in nature.
- ii. Current investments are stated at lower of cost and fair value.



## Notes to the Financial Statements for the Year ended 31<sup>st</sup> March, 2012

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated )

- g) Inventory:**
- Raw-Materials, Stores and Packing Materials are valued at cost – Cost is determined on FIFO basis.
  - Work-in-progress & Finished goods are valued at estimated cost or net realizable value whichever is lower.
  - Provision for obsolescence if any, is made, wherever necessary.
- h) Employee Benefits:**
- Provident Fund**
- Contribution towards Provident Fund for certain employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution schemes as the Company does not carry any further obligations, apart from the Contributions made on a monthly basis.
- Gratuity liability is defined benefit obligation and is provided on the basis of an actuarial valuation on projected unit credit method made at the end of each year. The Company funds the benefit through contributions to LIC. The Company recognizes the actuarial gains & losses in the statement of profit & loss in the period in which they arise.
- i) Leases**
- Operating Lease**
- Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in the statement Profit & Loss on a straight-line basis over the lease term.
- j) Sales and Purchases:**
- Sales and Purchases are accounted net of returns basis. Sales include Export Entitlements/ Benefits. Export entitlements are accounted on accrual basis at realizable value or entitlement value whichever is less.
- k) Other Income**
- Interest Income is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.
- l) 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 at the date of the Transaction.
- Conversion**
- Foreign currency monetary Items are reinstated using the exchange rate prevailing at the reporting date.
- Exchange Differences**
- The exchange difference arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in the previous financial statements, are recognized as income or as expense for revenue items and are capitalized / transferred to Foreign Currency Monetary Item Translation Difference Account in case of Long Term Loans / Investments respectively.

## Notes to the Financial Statements for the Year ended 31<sup>st</sup> March, 2012

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated )

### m) Derivative Instruments:

The Company uses derivative financial instrument such as forward contract to hedge its risk associated with foreign currency fluctuation. In respect of transactions covered by Forward Exchange Contract if any, the difference between the forward rate and the exchange rate at inception of contract is recognized as income or expense over the life of the contract.

### n) Taxes on Income:

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Tax Act. Deferred income taxes reflect the impact of current period timing differences between taxable income and accounting income for the period. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is a reasonable certainty that sufficient future income will be available against which such deferred tax assets can be realized.

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss account as current tax. The Company recognizes MAT credit available as an asset to the extent that there is a convincing evidence that the Company will pay normal income tax during the specified period i.e, the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss account and shown as "MAT Credit Entitlement".

## 2. Share Capital

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b><u>Authorised</u></b>		
<b>Equity Shares</b>		
4,00,00,000 (P.Y. 4,00,00,000), Rs. 2/- each par value	800.00	800.00
	800.00	800.00
<b><u>Issued, Subscribed &amp; Fully Paid Up</u></b>		
<b>Equity Shares</b>		
2,45,24,165 (PY: 2,40,24,165), Rs. 2/- each par value	490.48	480.48
	490.48	480.48

## Notes to the Financial Statements for the Year ended 31<sup>st</sup> March, 2012

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated )

### (a) Reconciliation of the number of shares.

Particulars	As at 31 <sup>st</sup> March, 2012		As at 31 <sup>st</sup> March, 2011	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	24,024,165	480.48	22,024,165	440.48
Shares Issued during the year on conversion of warrants	500,000	10.00	2,000,000	40.00
<b>Shares outstanding at the end of the year</b>	<b>24,524,165</b>	<b>490.48</b>	<b>24,024,165</b>	<b>480.48</b>

### b) Rights, Preferences and restrictions attached to each class of Shares:

Equity Shares: The Company has one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing 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) Shareholders holding more than 5% shares in the Company

Particulars	As at 31 <sup>st</sup> March, 2012		As at 31 <sup>st</sup> March, 2011	
	No. of Shares	%	No. of Shares	%
1) Vishnukant.C. Bhutada	2,903,034	11.84	2,553,034	10.63
2) Baring India Private Equity Fund III Limited	2,000,000	8.16	2,000,000	8.32
3) Dharmavati Bhutada	1,380,922	5.63	1,380,922	5.75
4) Kantabai Inani	1,279,880	5.22	1,254,880	5.22
5) Kamal Kishore Inani	1,256,276	5.12	1,231,276	5.13

### (d) Details of equity shares allotted as fully paid-up pursuant to contracts without payment being received in cash during the period of five years immediately preceeding the balance sheet date is give below:

Particulars	As at				
	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07
<b>Class of Shares (Equity)</b>					
No of shares of Rs. 2/- fully paid issued pursuant Amalgamation of Shilpa Organics (Pvt) Ltd., with the Company to its erstwhile shareholders without payment being received in cash.	-	-	3,916,664	-	-

### (e) On 22.03.2012, 500,000 equity shares of Face value of Rs.2/- each were issued at a premium of Rs.348/- per share upon conversion of share warrants which were issued by the Company in the year 2010-2011.

## Notes to the Financial Statements for the Year ended 31<sup>st</sup> March, 2012

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated )

### 3. Reserves and Surplus

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Capital Reserve</b>		
Opening Balance	32.36	32.36
Add: Amount transferred from profit and loss account	-	-
Less: Amount utilized	-	-
Closing Balance	32.36	32.36
<b>Capital Subsidy</b>		
Opening balance	54.77	54.77
Add: Amount received during the year	82.94	-
Less: Amount utilised	-	-
Closing Balance	137.71	54.77
<b>Securities Premium Account</b>		
Opening balance	9,706.25	2,746.25
Add: On Issue of shares	1,740.00	6,960.00
Less: Amount utilised	-	-
Closing Balance	11,446.25	9,706.25
<b>General Reserves</b>		
Opening balance	1,322.68	797.68
Add: Amount transferred from profit and loss account	525.00	525.00
Less: Amount utilised	-	-
Closing Balance	1,847.68	1,322.68
<b>Surplus as per the Statement of Profit and Loss</b>		
Opening balance	11,487.03	7,147.92
Add: Profit/ (Loss) for the year	4,294.37	5,088.22
Less: Amount utilised		
a) Proposed dividend on Equity Shares	(220.72)	(192.19)
b) Dividend distribution Tax	(35.80)	(31.92)
c) Transfer to general reserves	(525.00)	(525.00)
Closing Balance	14,999.88	11,487.03
Foreign Currency Monetary Translation Difference Account (Refer Note No.45)	260.68	-
<b>TOTAL</b>	<b>28,724.56</b>	<b>22,603.09</b>

## Notes to the Financial Statements for the Year ended 31<sup>st</sup> March, 2012

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated )

### 4. Money received against share warrants

Particulars	As at 31 March, 2012	As at 31 March, 2011
Share application money received against share warrants	-	437.50
<b>TOTAL</b>	<b>-</b>	<b>437.50</b>

### 5. Long-term Borrowings

Particulars	As at 31 March, 2012	As at 31 March, 2011
<b>Term Loans (Secured)</b>		
<b>i. From Banks</b>		
<b>a) External Commercial Borrowings (ECB)</b>	-	1,116.25
<b>Nature of Security</b> (The ECB is taken from ICICI Bank, Hong Kong and is Secured by first charge on all the assets created out of such loans i.e. Assets of EOU and guaranteed by some of the Directors)		
<b>Terms of Repayment</b> The ECB from ICICI Bank, Hong Kong is repayable in 8 equal Half Yearly installments with the last installment falling due on 31.12.2012. Rate of Interest on such Loan is Libor + 150 basis point, payable half yearly.  The Balance outstanding at the beginning of the current reporting period was USD 5 Mn. Out of which USD 2.50 Mn was paid during the year and the balance USD 2.50 Mn is payable in the remaining 02 half yearly installment with the last installment falling due as on 31.12.2012.		
<b>b) The Company got sanction ECB of USD 04 Mn on 08.03.2012 from Standard Chartered Bank, Bangalore. The Rate of Interest on such Loan being Libor + 350 basis points payable quarterly. The Company had opted to drawdown the amount on 03.04.2012.</b>		
<b>Nature of Security</b> This Loan is secured by first exclusive hypothecation on the moveable assets of the Company and personal Gurantees by 02 of its Directors.		
<b>Terms of Repayment</b> It is repayable in 08 equal Half Yearly installments after 18 months from the date of drawdown.		
<b>TOTAL</b>	<b>-</b>	<b>1,116.25</b>

## Notes to the Financial Statements for the Year ended 31<sup>st</sup> March, 2012

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated )

### 6. Deferred Tax Liability (Net)

Particulars	As at 31 March, 2012	As at 31 March, 2011
<b>Deferred Tax Liability</b>		
On account of Timing Difference of Depreciation	1,932.14	1,537.37
<b>Deferred Tax Asset</b>		
On account of disallowable items under Income Tax Act	(25.19)	(11.18)
<b>TOTAL</b>	<b>1,906.95</b>	<b>1,526.19</b>

### 7. Other Long-term Provisions

Particulars	As at 31 March, 2012	As at 31 March, 2011
Provision for Gratuity	75.83	59.99
<b>TOTAL</b>	<b>75.83</b>	<b>59.99</b>

### 8. Short-term Borrowings

Particulars	As at 31 March, 2012	As at 31 March, 2011
<b>Secured</b>		
<b>(a) Loans Repayable on Demand</b>		
<b>(i) Working Capital Demand Loan</b>		
from banks		
i) Lakshmi Vilas Bank (Refer below note " a b & c ")	471.52	297.15
ii) Standard Chartered Bank (Refer below note " d " )	2,662.94	2,488.75
<b>Nature of Security</b>		
a) Working capital loan from Lakshmi Vilas Bank (LVB) is secured by primary security against Stock of Raw Materials, Work-in- Progress and Finished Goods & Book debts of the Company and Guranteed by 02 Directors of the Company.		
b) For all types of working capital loans from LVB, Collateral security of Factory Land & Bldgs, Plant & Machinery located at Deosugur Industrial Area, Shaktinagar have been given as security by the Company.		
c) The Rate of Interest charged by LVB on OCC is at Base Rate + 3.75%. The said facility was renewed on 30-4-2012.		
d) Working capital loan from Standard Chartered Bank (SCB) is secured by First pari passu charge on current assets and first charge on certain fixed assets (except those created through other loans) in line with other working capital lenders and personal Gurantee of 02 Directors in line with other working capital lenders of the Company.		
Rate of Interest		
The Rate of Interest on OCC facility granted to the Company is at SCB Base rate + 350 basis points and on overdraft it is at SCB Base Rate + 4%. Further the Rate of interest charged on PCFC/PSFC facility is at Libor + 150 basis points.		
<b>(b) Other Loans (Secured)</b>		
<b>Deferred Payment Liabilities</b>		
a) <b>Buyer's Credit for Capital Goods from SCB.</b>	438.69	-
<b>Terms of Loan</b>		
The rate of interest charged by the bank is at Libor + 350 basis points. This facility is granted by the bank for a maximum period of 180 days from the date of individual draw downs. The first tranche of amount was drawdown on 24.02.2012		
<b>Nature of Security</b>		
Loan is secured by First pari passu charge on current assets and first charge on certain fixed assets (except those created through other loans) in line with other working capital lenders and personal Gurantee of 02 Directors in line with other working capital lenders of the Company.		
<b>TOTAL</b>	<b>3,573.15</b>	<b>2,785.90</b>



## Notes to the Financial Statements for the Year ended 31<sup>st</sup> March, 2012

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated )

### 9. Trade Payables

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Trade Payables (Refer Note No.43 & 44)	4,624.28	2,138.72
(b) Others		
(i) Capital Creditors	345.69	240.03
(ii) Advances from Customers	27.30	20.80
<b>TOTAL</b>	<b>4,997.27</b>	<b>2,399.55</b>

### 10. Other Current Liabilities

Particulars	As at 31 March, 2012	As at 31 March, 2011
Current maturities of long-term debt	1,278.91	1,116.25
Interest accrued but not due on borrowings	3.71	2.14
Unclaimed dividends	8.67	6.90
Unclaimed bonus & salary	0.54	0.68
Employee benefit liability	77.20	31.95
Books overdraft	9.87	79.01
Provision for expenses	84.79	75.12
Income Tax (Net)	58.46	64.12
Tax Deduction at Source	70.17	50.41
VAT, Entry Tax & Profession Tax .	8.54	0.42
<b>TOTAL</b>	<b>1,600.86</b>	<b>1,427.00</b>

### 11. Short-term Provisions

Particulars	As at 31 March, 2012	As at 31 March, 2011
a) Provision for Provident Fund	2.50	-
b) Others		
i) Provision for Proposed dividend	220.72	192.19
ii) Provision for Corporate Dividend Tax	35.80	31.92
<b>TOTAL</b>	<b>259.02</b>	<b>224.11</b>

## 12. Fixed Assets

Fixed Assets	Gross Block			Accumulated Depreciation			Net Block		
	As at 1 April 2011	Additions	Deduction/ Adjustment during the year	Balance as at 31 March 2012	As at 1st April 2011	For the year	Deduction/ Adjus- ment during the year	As at 31 March 2012	As at 31 March 2011
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
A) Tangible Assets									
i) Owned									
a) Borewell	2.24	0.22	-	2.46	0.59	0.12	-	0.71	1.75
b) Building*	3,748.49	151.35	-	3,899.84	384.17	126.08	-	510.26	3,389.59
c) Canteen Equipment	0.59	0.06	-	0.65	0.11	0.04	-	0.16	0.49
d) Computer	111.51	64.55	-	176.06	54.25	23.68	-	77.93	98.13
e) Electrical Installation	1,102.82	34.23	-	1,137.06	195.81	83.01	-	278.82	858.24
f) Empty Cylinders	4.00	-	-	4.00	2.95	0.65	-	3.60	0.40
g) ETP Building	445.42	7.98	-	453.40	44.52	15.08	-	59.60	393.80
h) ETP Machinery	170.63	32.91	-	203.54	25.44	14.06	-	39.50	164.04
i) Furniture	128.54	50.49	-	179.03	24.61	9.33	-	33.94	145.09
j) Generator	37.88	-	-	37.88	12.09	2.82	-	14.91	22.97
k) Lab Equipments	845.88	1,003.70	-	1,849.58	152.15	92.86	-	245.00	1,604.58
l) Office Equipment	4.42	0.89	-	5.31	0.44	0.36	-	0.80	4.51
m) P/M (Power Generation Unit)	2,022.00	-	-	2,022.00	901.90	209.65	-	1,111.55	910.45
n) Pipeline	1,191.46	6.85	-	1,198.30	207.38	88.70	-	296.08	902.23
o) Plant & Machinery**	5,715.42	402.66	(3.91)	6,114.16	1,415.27	435.07	0.11	1,850.22	4,263.94
p) Pollution Control Equip.	36.51	-	-	36.51	24.62	2.72	-	27.33	9.17
q) R & D Equipments	240.54	1.51	-	242.05	59.56	11.27	-	70.84	171.21
r) Storage Tank	43.91	2.54	-	46.45	18.90	6.94	-	25.84	20.61
s) Transformer	3.58	-	-	3.58	1.91	0.50	-	2.41	1.18
t) Unit-II Land & Building	5.86	-	-	5.86	2.01	0.20	-	2.20	3.66
u) Vehicle	137.26	58.08	(18.14)	177.20	40.33	16.14	4.42	52.06	125.15
v) Weigh Bridge	3.47	-	-	3.47	0.52	0.26	-	0.77	2.70
w) Xerox Machine	2.29	-	-	2.29	1.32	0.32	-	1.64	0.65
x) Land	166.87	204.40	-	371.27	-	-	-	-	371.27
	16,171.59	2,022.43	(22.05)	18,171.97	3,570.83	1,139.87	4.53	4,706.17	13,465.80
									12,600.76

## 12. Fixed Assets

Fixed Assets	Gross Block			Accumulated Depreciation				Net Block	
	As at 1 April 2011	Additions	Deduction/ Adjustment during the year	Balance as at 31 March 2012	As at 1st April 2011	For the year	Deduction/ Adjustment during the year	As at 31 March 2012	As at 31 March 2011
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
ii) Leased Assets		-			-	-			-
a) Leasehold Land & Green Field*** (Refer Note No.01)	106.07	109.81	-	215.88	-	-	-	215.88	106.07
Sub-Total (A)	16,278.00	2,132.24	(22.05)	18,387.85	3,570.83	1,139.87	4.53	4,706.17	12,706.83
B) Intangible Assets									
Computer software	-	1.63	-	1.63	-	0.14	-	1.49	-
Technical Know How	21.88	-	-	21.88	19.22	2.19	-	21.41	2.66
Sub-Total (B)	21.88	1.63	-	23.51	19.22	2.33	-	21.55	2.66
Sub-Total (A+B)	16,299.54	2,133.87	(22.05)	18,411.36	3,590.06	1,142.20	4.53	4,727.72	12,709.48
Previous Year	15,596.28	1,498.14	(794.88)	16,299.54	2,802.40	1,042.10	(254.45)	12,709.48	12,793.88

Note:

1. Leasehold land pertains to Land acquired from KIADB on Lease - cum - sale basis for a period of 10 years.

\* includes Rs. 101.37 Lakhs being exchange differences capitalized. Refer Note No.45

\*\* includes Rs.169.13 Lakhs being exchange differences capitalized. Refer Note No.45

\*\*\* includes Rs. 4.22 Lakhs being exchange differences capitalized. Refer Note No.45

## Notes to the Financial Statements for the Year ended 31<sup>st</sup> March, 2012

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated )

### 13. Capital Work-in-Progress

Particulars	As at 31 March, 2012	As at 31 March, 2011
a. Machinery Under Erection	19.87	18.83
b. Lab Equipment Under Erection	163.92	10.14
c. Projects under Erection	713.51	96.53
d. Pre-operative expenses (pending capitalization)	14.68	-
<b>TOTAL</b>	<b>911.98</b>	<b>125.50</b>

### 14. Non-current Investments

Particulars	As at 31 March, 2012	As at 31 March, 2011
<b>Trade Investments (At Cost)</b>		
<b>A) Investments in Equity Instruments (Unquoted fully paid up)</b>		
<b>i) In Subsidiary companies</b>		
a) Investment in 410,000 (410,000) Shares of Raichem Life Sciences Pvt Ltd, Mumbai of Rs.10/- each.	281.00	281.00
b) Investment in 2000 (2000) Shares of Zatortia Holdings Ltd, Cyprus of € 1.71 each.	2,289.59	2,028.91
c) Investment 1,248,549 (Nil) in shares of Nu Therapeutic (P)Ltd, Hyderabad of Rs.10/- each.	713.18	-
d) Investment in 208,217 (98,233) shares of Raichem Medicare (P) Ltd, Raichur of Rs.10/- each.	298.32	133.35
<b>ii) In Associate companies</b>		
a) Investment in 100,000 (100,000) shares of Reva Pharmachem (P) Ltd, Raichur of Rs.10/- each.	10.00	10.00
b) Investment Nil (438,139)in shares of Nu Therapeutic (P) Ltd, Hyderabad of Rs. 10/- each.	-	355.00
	3,592.09	2,808.26
Less: Provision for diminution in the value of investments	-	-
<b>Net Amount of investments</b>	<b>3,592.09</b>	<b>2,808.26</b>
<b>B) Investments in government securities (Unquoted)</b>		
i) National Savings Certificate(NSC)	0.15	0.15
<b>TOTAL</b>	<b>3,592.24</b>	<b>2,808.41</b>
<b>Aggregate value of unquoted investments</b>	<b>3,592.24</b>	<b>2,808.41</b>

## Notes to the Financial Statements for the Year ended 31<sup>st</sup> March, 2012

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated )

### 15. Long-term Loans and Advances

Particulars	As at 31 March, 2012	As at 31 March, 2011
<b>Capital Advances for Fixed Assets</b>		
Secured, considered good	-	-
Unsecured, considered good	157.26	175.28
Doubtful	-	-
Less: Provision for doubtful advances	-	-
	157.26	175.28
<b>Security Deposits (Unsecured, considered good)</b>		
a) Electricity Deposits	43.42	43.42
b) Rental Deposits	76.50	1.25
c) Telephone Deposits	0.59	0.55
d) Miscellaneous Deposits	5.12	1.86
	125.63	47.08
<b>Other Loans and Advances (Unsecured, considered good)</b>		
a) Income taxes (Refer Note No.48)	23.28	23.28
b) VAT receivable on Capital Goods & Other Items (Refer Note No.49)	29.90	29.98
c) MAT Credit Entitlement	308.21	-
d) Prepaid expenses	4.07	-
	365.46	53.26
<b>TOTAL</b>	<b>648.35</b>	<b>275.62</b>

### 16. Current Investments

Particulars	As at 31 March, 2012	As at 31 March, 2011
<b>Investments in Mutual Funds</b>		
a) HDFC Mutual Fund	1,000.00	0.00
b) ICICI Prudential Mutual Fund	1,500.00	0.00
c) PNB Fixed Maturity Plan	500.00	0.00
d) SBI Mutual Fund	3,802.17	0.00
<b>TOTAL</b>	<b>6,802.17</b>	<b>0.00</b>

Market value of aggregate amount of quoted investments CY: Rs.6818.57 Lakhs (P.Y: Nil), valued at lower of cost and fair value.

## Notes to the Financial Statements for the Year ended 31<sup>st</sup> March, 2012

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated )

### 17. Inventories

Particulars	As at 31 March, 2012	As at 31 March, 2011
a) Raw Materials	2,180.69	1,703.52
b) Work-in-Progress	3,648.18	1,943.20
c) Finished Goods		
i) Others	22.48	23.16
ii) Goods-in- Transit	11.25	-
d) Stock-in-Trade	7.10	-
e) Stores and Spares		
i) Others	92.37	70.38
ii) Goods-in-Transit	5.70	-
f) Packing Materials	5.81	4.09
<b>TOTAL</b>	<b>5,973.58</b>	<b>3,744.35</b>

### 18. Trade Receivables

Particulars	As at 31 March, 2012	As at 31 March, 2011
<b><u>Unsecured, considered good</u></b>		
Trade receivable outstanding for more than six months	77.65	22.80
<b><u>Unsecured, considered doubtful</u></b>	-	3.39
Less: Provision for doubtful debts	-	(3.39)
	<b>77.65</b>	<b>22.80</b>
<b><u>Unsecured, considered good</u></b>		
Trade receivable outstanding for less then six months	3,185.51	3,340.61
	<b>3,185.51</b>	<b>3,340.61</b>
<b>TOTAL</b>	<b>3,263.16</b>	<b>3,363.41</b>

### 19. Cash and Cash Equivalents

Particulars	As at 31 March, 2012	As at 31 March, 2011
a) Cash on Hand	12.93	10.49
b) Balance with banks in current account	134.49	71.15
c) Bank deposits having maturity of less than 03 months	-	8,250.21
d) Other Bank balances		
i) Unclaimed Dividends	8.67	6.90
e) Fixed deposits held as margin money (Refer Note below)	2.35	36.00
<b>TOTAL</b>	<b>158.44</b>	<b>8,374.75</b>

**Note:**

Fixed Deposit with original maturity of more than 12 months has been given in the form of Gurantees to The Commissioner of Customs, Mumbai and The Commercial Taxes Department, Hyderabad.



## Notes to the Financial Statements for the Year ended 31<sup>st</sup> March, 2012

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated )

### 20. Short Term Loans and Advances

Particulars	As at 31 March, 2012	As at 31 March, 2011
<b>Loans and Advances to related parties</b>		
a) Secured, considered good	-	-
b) Unsecured, considered good		
i) Raichem Life Sciences Pvt Ltd (Wholly Owned Subsidiary)	5,377.90	921.66
ii) Zatortia Holdings Ltd (Wholly Owned Subsidiary)	5.54	0.67
iii) Nu Therapeutics Pvt Ltd (Subsidiary)	345.73	-
iv) Reva Pharma Chem Pvt Ltd (Associate)	152.44	79.60
	<b>5,881.61</b>	<b>1,001.93</b>
<b>Others ( Unsecured)</b>		
a) Cenvat Receivable	331.98	282.52
b) VAT Receivable	-	2.81
c) CST Receivable	194.77	181.73
d) Service Tax Receivable	92.35	101.52
e) Prepaid Expenses	24.36	19.38
f) Staff Advance/Against Expenses	8.62	5.87
g) Advance to KIADB	9.72	-
	<b>661.80</b>	<b>593.83</b>
<b>TOTAL</b>	<b>6,543.41</b>	<b>1,595.76</b>

### 21. Other Current Assets

Particulars	As at 31 March, 2012	As at 31 March, 2011
Unsecured, considered good		
(a) Interest accrued but not due on fixed deposits.	3.76	19.57
(b) Advance Receivable in cash or kind for value to be received	47.39	43.20
(c) Doubtful Receivables	5.70	-
	56.85	62.77
Less: Provision for Doubtful Receivables	5.70	-
<b>TOTAL</b>	<b>51.15</b>	<b>62.77</b>

## Notes to the Financial Statements for the Year ended 31<sup>st</sup> March, 2012

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated )

### 22. Revenue from Operations

Particulars	For the Year Ended 31 <sup>st</sup> March, 2012	For the Year Ended 31 <sup>st</sup> March, 2011
a) Sales of products	28,066.52	26,111.06
Less: Excise duty	526.75	582.36
	27,539.77	25,528.70
b) Power Sales	305.71	225.65
	<b>27,845.48</b>	<b>25,754.35</b>
<b>Sales comprised of:</b>		
i) Bulk Drugs	9,872.53	10,300.91
ii) Intermediates	17,111.20	14,872.26
iii) Bulk Drug ( Trading)	530.91	345.01
iv) Power	305.71	225.65
v) Others	25.13	10.51
<b>TOTAL</b>	<b>27,845.48</b>	<b>25,754.35</b>

### 23. Other Income

Particulars	For the Year Ended 31 <sup>st</sup> March, 2012	For the Year Ended 31 <sup>st</sup> March, 2011
a) Interest Income		
i) Banks (TDS C:Y Rs.62.26 PY: Rs.44.31)	622.64	332.00
ii) Others (TDS: C.Y Rs.27.00 PY: Rs.3.25)	269.11	32.51
b) Profit on sale of fixed assets	-	107.67
c) Bad debts recovered	12.59	35.00
d) Liabilities written back	11.97	12.86
e) Provision written back	1.99	-
f) Income from sale of carbon credits (Net)	0.88	-
g) Dividend from Current Investment	48.23	-
h) Miscellenous Income	48.38	11.21
<b>TOTAL</b>	<b>1,015.79</b>	<b>531.25</b>

### 24. Cost of Material Consumed

Particulars	For the Year Ended 31 <sup>st</sup> March, 2012	For the Year Ended 31 <sup>st</sup> March, 2011
Opening Stock	1,707.61	1,485.51
Add: Purchases	19,124.98	14,464.41
Less: Closing Stock	2,193.60	1,707.61
Raw Materials & Packing Materials	18,638.99	14,242.31
<b>Materials Consumed comprises of:</b>		
a) Raw Materials	18,593.88	14,203.08
b) Packing Materials	45.11	39.23
<b>TOTAL</b>	<b>18,638.99</b>	<b>14,242.31</b>

## Notes to the Financial Statements for the Year ended 31<sup>st</sup> March, 2012

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated )

### 25. Purchase of Stock-in-Trade

Particulars	For the Year Ended 31 <sup>st</sup> March, 2012	For the Year Ended 31 <sup>st</sup> March, 2011
Bulk Drugs	506.06	299.98
<b>TOTAL</b>	<b>506.06</b>	<b>299.98</b>

### 26. Change in Inventory of Finished Goods, Work-in-Progress & Stock-in-Trade

Particulars	For the Year Ended 31 <sup>st</sup> March, 2012	For the Year Ended 31 <sup>st</sup> March, 2011
<b>Opening Stock</b>		
a) Finished Goods	23.16	18.54
b) Work-in-Progress	1,943.20	2,831.79
Less: Closing Stock		
a) Finished Goods	33.72	23.16
b) Work-in-Progress	3,648.18	1,943.219
<b>(Increase) / Decrease in Inventory</b>	<b>(1,715.54)</b>	<b>883.98</b>

### 27. Employee Benefits Expense

Particulars	For the Year Ended 31 <sup>st</sup> March, 2012	For the Year Ended 31 <sup>st</sup> March, 2011
Salaries and Wages	1,506.85	1,164.37
Contribution to Provident Fund and Other Funds	83.96	95.23
Staff Welfare Expenses	34.62	25.06
Managing Director Remuneration	256.99	250.28
<b>TOTAL</b>	<b>1,882.42</b>	<b>1,534.94</b>

### 28. Finance Cost

Particulars	For the Year Ended 31 <sup>st</sup> March, 2012	For the Year Ended 31 <sup>st</sup> March, 2011
<b>Interest on:</b>		
a) Working Capital Demand Loans	87.47	61.19
b) Term Loans	38.06	121.32
c) Others	22.71	2.23
<b>TOTAL</b>	<b>148.24</b>	<b>184.74</b>

## Notes to the Financial Statements for the Year ended 31<sup>st</sup> March, 2012

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated )

### 29. Other Expense

Particulars	For the Year Ended 31 <sup>st</sup> March, 2012	For the Year Ended 31 <sup>st</sup> March, 2011
Power and Fuel	763.47	565.00
Repairs & Maintenance to		
a) Buildings	99.63	77.98
b) Machinery	230.52	145.42
c) Others	18.39	17.67
Rent	134.56	13.15
Exchange Loss/(Gain) - Net	285.41	(378.44)
License Fees	36.83	12.85
Insurance	26.99	15.92
Traveling and Conveyance	94.89	87.05
Contractor Labour Charges	283.11	223.58
Legal & Professional Fees	58.48	16.85
Auditor's Fees	5.75	4.75
Research & Development Expenses	218.45	125.21
Transportation Charges	122.80	88.41
Brokerage and Commission	105.82	106.51
Job Work Charges	0.88	65.99
Director's Sitting Fees	1.20	1.00
Sales Promotion & Advertisement	16.07	50.10
Bank Charges	47.76	42.59
Bad Debts/ Advance Written Off	5.70	3.39
Clearing and Forwarding	150.17	122.05
Loss on Sale of Assets	4.11	-
VAT/ Entry Tax	9.07	5.58
Miscellaneous Expenses	154.46	101.29
<b>TOTAL</b>	<b>2,874.52</b>	<b>1,513.90</b>

### 30. Extraordinary Income

Particulars	For the Year Ended 31 <sup>st</sup> March, 2012	For the Year Ended 31 <sup>st</sup> March, 2011
Compensation on account of shortfall in wind power generation	62.72	-
<b>TOTAL</b>	<b>62.72</b>	<b>-</b>

### 31. Prior Period Expense

Particulars	For the Year Ended 31 <sup>st</sup> March, 2012	For the Year Ended 31 <sup>st</sup> March, 2011
Prior Period Expenses	-	4.31
<b>TOTAL</b>	<b>-</b>	<b>4.31</b>

## Notes to the Financial Statements for the Year ended 31<sup>st</sup> March, 2012

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated )

### 32. Payment to Statutory Auditors \*

Particulars	For the Year Ended 31 <sup>st</sup> March, 2012	For the Year Ended 31 <sup>st</sup> March, 2011
a) Statutory Audit	3.25	3.00
b) Tax Audit	1.25	1.00
c) Certification	1.25	0.75
<b>TOTAL</b>	<b>5.75</b>	<b>4.75</b>

\* Excluding Service Tax

### 33. Contingent Liabilities And Commitments

Particulars	As at 31 March, 2012	As at 31 March, 2011
a) Local & Foreign Letter of Credit	952.16	898.33
b) Bank Guarantees.	1.54	13.61
c) Letter of Comfort.	683.40	1,264.80
d) Claims against the Company not acknowledged as debts.	142.90	75.83
e) Corporate guarantee given to Standard Chartered Bank on behalf of Raichem Life Sciences Pvt Limited ( Wholly Owned Subsidiary Company)	2,500.00	-
f) Estimated amount of contracts remained to be executed on capital account not provided for (net of advance)	371.19	414.59
<b>TOTAL</b>	<b>4,651.19</b>	<b>2,667.16</b>

## Notes to the Financial Statements for the Year ended 31<sup>st</sup> March, 2012

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated )

### 34. In respect of gratuity, a defined benefit scheme (based on Actuarial Valuation)

Movement of present value of the defined benefit obligation	For the Year Ended 31 <sup>st</sup> March, 2012	For the Year Ended 31 <sup>st</sup> March, 2011
Obligations at period beginning	107.37	66.14
Service cost	30.24	43.01
Interest on Defined benefit obligation	8.97	4.91
Benefits settled	(3.59)	(0.56)
Actuarial (gain)/loss	(9.35)	(1.64)
<b>Obligations at period end</b>	<b>133.64</b>	<b>107.37</b>
<b>Change in Plan Assets</b>		
Plans assets at period beginning, at fair value	47.38	35.31
Difference in Opening balance	-	
Expected return on plan assets	4.04	3.18
Actuarial gain/(loss)	0.18	0.01
Contributions	9.81	9.44
Benefits settled	(3.59)	(0.56)
<b>Plans Assets at period end, at fair value</b>	<b>57.81</b>	<b>47.38</b>
Reconciliation of present value of the obligation and the fair value of the plan assets:		
Closing PBO	133.64	107.37
Closing Fair value of plan assets	57.81	47.38
Closing Funded status	(75.83)	(59.99)
Unrecognised actuarial (gains)/losses		
<b>Net Asset/(Liability) recognized in the balance sheet</b>	<b>(75.83)</b>	<b>(59.99)</b>
<b>Expenses recognised in the P &amp; L Account</b>		
Service cost	30.24	43.01
Interest cost	8.97	4.91
Expected return on plan assets	(4.04)	(3.18)
Actuarial (gain)/loss	(9.53)	(1.65)
<b>Net Gratuity Cost</b>	<b>25.65</b>	<b>43.10</b>
Experience Adjustment on Plan Assets	0.18	0.01
Experience Adjustment on Plan Liabilities	(9.38)	(1.64)

### Principal Actuarial Assumptions

Interest Rate	8.5%	8%
Discount rate (based on the market yields available on Government bond at the accounting date with a term that matches that of the Liabilities)	8.5%	8%
Expected rate of return on assets	8%	0%
Salary increase (taking into account inflation, seniority, promotion And other relevant factors)	6%	6%
Attrition rate of employees	5%	5%
Retirement age of employees (Years)	58	58



## Notes to the Financial Statements for the Year ended 31<sup>st</sup> March, 2012

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated )

Actuarial gain / loss is recognised immediately. The estimates of salary increase take into account inflation, promotion etc.

The Company has various schemes (funded/unfunded) for payment of gratuity to all eligible employees calculated at specific no. of days (ranging from 15 days to 1 month) of the last drawn salary depending upon tenure of service for each year of completed service subject to minimum of five years payable at the time of separation upon superannuation or on exit otherwise.

### 35. Particulars of dividend paid to non- resident shareholders

Particulars	For the Year Ended 31 <sup>st</sup> March, 2012	For the Year Ended 31 <sup>st</sup> March, 2011
I) Dividend paid in foreign currency to non resident (FCB)		
a) Number of share holders	1	-
b) Number of shares held	2,000,000	-
c) Amount of dividend	16.00	-
II) Dividend paid in INR to Non Resident Indian & Foreign Institutional Investors		
a) Number of share holders	83	78
b) Number of shares held	579,911	364,141
c) Amount of dividend	4.64	2.55

### 36. Import & Indigenous Material Consumed

Particulars	For the Year Ended 31 <sup>st</sup> March, 2012	%	For the Year Ended 31 <sup>st</sup> March, 2011	%
a) Raw Material				
Imported	15,354.79	80.24	10,901.95	74.51
Indigenous	3,782.27	19.76	3,730.32	25.49
b) Stores & Spares				
Imported	2.57	1.60	8.78	12.82
Indigenous	118.45	98.40	59.70	87.17

### 37. Earning in Foreign Currency

Particulars	For the Year Ended 31 <sup>st</sup> March, 2012	For the Year Ended 31 <sup>st</sup> March, 2011
Total Direct Export (FOB)	22,791.75	19,741.71

## Notes to the Financial Statements for the Year ended 31<sup>st</sup> March, 2012

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated )

### 38. Expenditure in Foreign Currency

Particulars	For the Year Ended 31 <sup>st</sup> March, 2012	For the Year Ended 31 <sup>st</sup> March, 2011
a) Foreign Travelling	14.75	12.49
b) Import (CIF)	16,272.83	10,812.14
c) Interest	38.96	55.80
d) Others	189.02	181.20
<b>TOTAL</b>	<b>16,515.56</b>	<b>11,061.63</b>

### 39. Research & Development expenses eligible for weighted deduction under The Income Tax Act,1961

Particulars	Raichur Facility	Vizag Facility	Total For the Year Ended 31 <sup>st</sup> March, 2012	For the Year Ended 31 <sup>st</sup> March, 2011
<b>I) Eligible for weighted deduction</b>				
a) Revenue Expenditure				
i) Employee cost	302.79	138.79	441.58	98.91
ii) Research & Development expenses	98.89	54.95	153.84	25.03
iii) Machinery Maintenance	6.94	13.71	20.65	16.44
iv) Power	10.68	12.99	23.67	7.97
v) Lease Rent	-	119.13	119.13	-
vi) Security Charges	-	10.07	10.07	-
vii) R & D Up-keeping	-	1.27	1.27	-
viii) Other Expenses	15.36	20.33	35.69	-
<b>TOTAL</b>	<b>434.66</b>	<b>371.24</b>	<b>805.90</b>	<b>148.35</b>
b) Capital expenditure incurred for approved in-house Research & Development.	453.46	602.73	1,056.19	56.65
<b>TOTAL</b>	<b>888.12</b>	<b>973.97</b>	<b>1862.09</b>	<b>205.00</b>
<b>II) Others</b>				
a) Revenue Expenditure				
i) Misc Expenses	3.44	2.97	6.41	-
ii) Depreciation	41.73	17.28	59.01	-
<b>TOTAL</b>	<b>45.17</b>	<b>20.25</b>	<b>65.42</b>	<b>-</b>
b) Capital expenditure incurred for approved in-house Research & Development.	2.33	-	2.33	-
<b>TOTAL</b>	<b>47.50</b>	<b>20.25</b>	<b>67.75</b>	<b>-</b>
<b>GRAND TOTAL</b>	<b>935.62</b>	<b>994.22</b>	<b>1929.84</b>	<b>205.00</b>

## Notes to the Financial Statements for the Year ended 31<sup>st</sup> March, 2012

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated )

### 40. RELATED PARTIES DISCLOSURES PURSUANT TO ACCOUNTING STANDARD 18:

(All amount are in Indian Rupees in lakhs unless otherwise stated)

#### List of related parties

- |   |  |
|---|--|
| <b>1. Associates</b><br>Reva Pharmachem Pvt Ltd | <b>2. Subsidiaries</b><br>Zatortia Holdings Ltd.<br>Raichem Life Sciences (P) Ltd<br>Loba Feinchemie Gmbh<br>Raichem Medicare Pvt Ltd<br>Nu Therapeutics Pvt Limited * |
|---|--|

- |  |   |
|--|---|
| <b>3. Key Management Personnel (KMP)</b><br>Omprakash Inani<br>Vishnukanth .C. Bhutada | <b>4. Relatives</b><br>Dharmavati Bhutada<br>Deepak Kumar Inani |
|--|---|

Sl. No.	Particulars	31 <sup>st</sup> March, 2012				31 <sup>st</sup> March, 2011			
		Subsidiaries	Associates	KMP	Relatives	Subsidiaries	Associates	KMP	Relatives
1	<u>Sales</u> A) Loba Feinchemie, Gmbh B) Raichem Life Sciences Pvt Ltd	- -	- -	- -	- -	14.71 0.51	- -	- -	- -
2	<u>Reimbursement of expenses</u> A) Loba Feinchemie, Gmbh (Received) B) Raichem Life Science Pvt Ltd (Net) paid C) Raichem Medicare Pvt Limited (Received)	- 5.33 5.08	- - -	- - -	- - -	8.16 4.71 -	- - -	- - -	- - -
3	<u>Interest Received</u> A) Raichem Lifesciences Pvt Limited B) Nu Therapeutics Pvt Limited C) Reva Pharmachem Pvt Limited	237.82 18.61 -	- - 10.21	- - -	- - -	30.04 - -	- - -	- - -	- - -

Notes to the Financial Statements for the Year ended 31<sup>st</sup> March, 2012

(All amount are in Indian Rupees in lakhs, except shares data &amp; where otherwise stated )

Sl. No.	Particulars	31 <sup>st</sup> March, 2012				31 <sup>st</sup> March, 2011			
		Subsidiaries	Associates	KMP	Relatives	Subsidiaries	Associates	KMP	Relatives
4	<u>Commission Paid</u>								
4.01	A) Reva Pharmachem Pvt Ltd	-	6.49	-	-	-	-	-	-
5	<u>Rent paid</u>								
5.01	Dharnavati Bhutada	-	-	-	5.77	-	-	-	5.12
6	<u>Remuneration</u>								
6.01	Deepak Inani	-	-	-	11.89	-	-	-	11.95
7	<u>Asset Purchase</u>								
7.01	Deepak Inani	-	-	-	63.20	-	-	-	-
8	<u>Managerial Remuneration</u>								
8.01	Vishnukanth .C. Bhutada	-	-	256.99	-	-	-	250.29	-
9	<u>Sitting Fees</u>								
9.01	Omprakash Inani	-	-	-	0.40	-	-	-	0.30
10	<u>Movement of Loans / Advances</u>								
10.01	Opening Balance								
	A) Zatortia Holdings Ltd	0.67	-	-	-	2025.54	-	-	-
	B) Raichem Life Sciences Pvt Ltd	921.66	-	-	-	453.97	-	-	-
	C) Loba Feinchemie, Gmbh	16.25	-	-	-	-	-	-	-
	D) Reva Pharmachem Pvt Ltd	-	79.60	-	-	-	-	-	-

### Notes to the Financial Statements for the Year ended 31<sup>st</sup> March, 2012

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated )

Sl. No.	Particulars	31 <sup>st</sup> March, 2012				31 <sup>st</sup> March, 2011			
		Subsidiaries	Associates	KMP	Relatives	Subsidiaries	Associates	KMP	Relatives
10.02	<u>Given during the year</u> A) Zatortia Holdings Limited B) Raichem Life Sciences Pvt Ltd \$ C) Reva Pharma Pvt Ltd \$ D) Raichem Medicare Pvt Limited E) Nu Therapeutics Pvt Ltd Limited	4.87 4,476.24 - 5.00 356.75	- - 72.84	- - - - -	- - - - -	2.96 642.69 - - -	- - 79.60	- - - - -	- - - - -
10.03	<u>Received back during the year</u> A) Zatortia Holdings Ltd B) Raichem Life Sciences Pvt Limited C) Raichem Medicare Pvt Limited D) Nu Therapeutics Pvt Limited	- 20.00 5.00 11.02	- - - -	- - - -	- - - -	2027.84 175.00 - -	- - - -	- - - -	- - - -
11	<u>Closing Balance</u>								
11.01	<u>Receivables</u> A) Zatortia Holdings Limited B) Raichem Life Sciences Pvt Limited C) Reva Pharma Pvt Limited D) Raichem Medicare Pvt Limited E) Nu Therapeutics Pvt Limited	5.54 5,377.90 - - 345.73	- - 152.44 -	- - - -	- - - -	0.67 921.66 - -	- - 79.60 -	- - - -	- - - -
11.02	<u>Payables</u> A) Vishnukanth .C. Bhutada B) Raichem Life Sciences Pvt Limited	- 14.24	- -	103.70 -	- -	- -	- -	99.02 -	- -

### Notes to the Financial Statements for the Year ended 31<sup>st</sup> March, 2012

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated )

Sl. No.	Particulars	31 <sup>st</sup> March, 2012			31 <sup>st</sup> March, 2011		
		Subsidiaries	Associates	KMP	Subsidiaries	Associates	Relatives
12	<u>Receivables</u> A) Loba Feinchemie GmbH	1.71	-	-	16.25	-	-
13	B) Raichem Life Sciences Pvt Limited	-	-	-	0.59	-	-
	<u>Maximum balance outstanding during the year</u>						
	A) Zatortia Holdings Limited	5.54	-	-	2,028.51	-	-
	B) Raichem Life Sciences Pvt Limited	5,377.90	-	-	921.66	-	-
	C) Reva Pharmachem Pvt Limited	-	152.44	-	-	-	-
	D) Loba Feinchemie GmbH	1.71	-	-	-	-	-
	E) Nu Therapeutics Pvt Limited	345.73	-	-	-	-	-
14	<u>Guarantees given / Letter of comfort</u>						
	A) Raichem Life Sciences Pvt Limited	2,500.00	-	-	-	-	-
	B) Loba Feinchemie GmbH	683.40	-	-	1,264.80	-	-

Note

\* From 7-09-2011 Nu Therapeutics Pvt Limited, Hyderabad has become subsidiary of the company .

\$ including interest (Net of TDS)



## Notes to the Financial Statements for the Year ended 31<sup>st</sup> March, 2012

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated )

41. During the year the Company has only one reportable segments viz., Bulk Drug & Intermediates in accordance with the requirement of AS-17 "Segment Reporting". Hence Segment Reporting is not applicable to the Company.
42. In the opinion of the Board, all assets other than fixed assets and non current investments, have a realisable value in the ordinary course of business which is not different from the amount at which it is stated.
43. Balances of Trade Receivables/Trade payables/Advances and Security deposits are subject to Balance Confirmation.
44. The Company has not received any intimation from "Suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures relating to amount unpaid as at the year end together with interest paid/payable under this Act cannot be ascertained.
45. The Company has exercised the option of capitalizing the exchange differences arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded, so far as they relate to the acquisition of depreciable capital asset as per para 46A to AS-11 "The effects of changes in Foreign Exchange Rates" vide notification No. GSR 914(E) dated 29th December, 2011 issued by The Ministry of Corporate Affairs. In other cases, the difference has been accumulated in "Foreign Monetary Item Translation Difference A/c" to be amortized over the balance period of such long term asset as per the said notification.

By virtue of above the Company has capitalized Rs.274.72,lakhs to the Fixed Assets acquired out of such External Commercial Borrowings(ECB) being the Exchange difference and has transferred Rs.260.68 Lakhs in "Foreign Monetary Item Translation Difference A/c", being gain arising on account of reinstatement of Investment in Wholly Owned Foreign Subsidiary.

46. Income tax demand of Rs.120.50 Lakhs (PY: Rs.53.42 Lakhs ) pertaining to earlier years is contested in appeal as per the legal advise based on certain Judicial pronouncements relating to identical point of law, therefore no provision is made for such demand.
47. Net worth of Reva Pharmachem Pvt Ltd (Associate Company) as at the Balance Sheet date has been completely eroded. However, the management is of the view that since the Investments are long term in nature, hence no provision is required to be made.
48. An amount of Rs.23.28 Lakhs (PY: Rs.23.28 Lakhs) is paid against the disputed tax demand and the same is shown under note no.15.
49. The Company is in appeal before the Hon.Tribunal in respect of its claim of Refund of Input Tax paid on Capital Goods amounting to Rs.26.89 lakhs (PY: Rs.28.11 Lakhs) under Karnataka Value Added Tax Act, 2003, the same is shown as receivable under the head "VAT receivable on Capital Goods & Other items".



## Notes to the Financial Statements for the Year ended 31<sup>st</sup> March, 2012

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated )

### 50. Previous Year Figures

Till the year ended 31<sup>st</sup> March 2011, the Company was using pre-revised Schedule VI to the Companies Act 1956, for presentation of its financial statements. For the year ended 31<sup>st</sup> March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company. The Company has reclassified previous year figures to conform to the current classification.

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As per our Report of even date attached

for **Bohara Bhandari Bung And Associates**  
Chartered Accountants  
Firm's Registration No.008127S

**CA.Pankajkumar Bohara**  
Partner - M.No.215471

**Place/Camp : Hyderabad**  
**Date: 10<sup>th</sup> August, 2012**

For and on behalf of the Board of Directors

**Omprakash Inani**  
Chairman

**Vishnukant.C. Bhutada**  
Managing Director

**Nagalakshmi Popuri**  
Company Secretary

**N.C. Bhandari**  
Sr.Manager - Finance

# Consolidated Financial Statements



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**AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF SHILPA MEDICARE LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SHILPA MEDICARE LIMITED AND ITS SUBSIDIARIES.**

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- 1) We have audited the attached Consolidated Balance sheet of SHILPA MEDICARE LIMITED (the Company) and its Subsidiaries (collectively referred to as "The Group") as at 31<sup>st</sup> March 2012, the Consolidated statement of Profit and Loss and also the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. The Consolidated financial statements include investments in Associates accounted on equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) as Notified under the Companies (Accounting Standards) Rules, 2006. These financial statements are the responsibility of the Company's management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated financial statements based on our audit.
- 2) We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes, assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
  - a) The financial Statements of M/s. Nu Therapeutics Private Limited, Indian subsidiary, is audited by other auditors as per the requirement of The Companies Act 1956. The financial statements of this entity reflect total assets of Rs.1,094.83 Lakhs as at 31<sup>st</sup> March, 2012 and total revenue of Rs.189.14 Lakhs and net cash outflow amounting to Rs.41.14 Lakhs for the year then ended.
  - b) The financial Statements of M/s. Zatortia Holdings Limited, A wholly owned foreign subsidiary, is audited by other auditors as per the requirement of the International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law. These financial statements have been converted as per the requirements of Indian GAAP and reflect total assets of Rs.2,290.95 Lakhs as at 31<sup>st</sup> March, 2012 and total revenue of Rs. Nil and net cash inflow amounting to Rs.0.78 Lakhs for the year then ended.
  - c) The financial Statements of M/s. Loba Feinchemie AG (GmbH), foreign sub-sub-subsidiary, are unaudited. These unaudited financial statements have been prepared by the management and are presented to us and we do not express an opinion thereto.

As per the Austrian Act M/s. Loba Feinchemie AG (GmbH), foreign sub-sub-subsidiary is a "small company with a limited liability (GmbH) and is exempted from audit for the period. The unaudited financial statement reflect total assets of Rs.2,542.18 Lakhs as at 31<sup>st</sup> March, 2012 and total revenue of Rs. 3,723.39 Lakhs and net cash outflow amounting to Rs. 6.65 Lakhs for the year then ended.

- 3) We report that the consolidated financial statements have been prepared by the company in accordance with the requirement of Accounting standard (AS) 21, “Consolidated Financial Statements”, (AS) 23 “Accounting for Investments in Associates” and other applicable Accounting Standards as notified under Companies (Accounting Standards) Rules, 2006.
- 4) On the basis of the information and explanation given to us and on the consideration of the separate audit reports on the individual audited financial statements of SHILPA MEDICARE LIMITED and its subsidiaries and subject to our remark in paragraph 2(b) and read with other notes, we are of the opinion that the attached consolidated financial statements read together with notes thereto give a true and fair view in conformity with the accounting principles generally accepted in India:-
- a) In the case of the Consolidated Balance Sheet, the statement of affairs as at 31<sup>st</sup> March 2012;
  - b) In the case of the Consolidated Statement of profit and Loss, of the Profits of the Group for the year ended on that date; and
  - c) In the case of the consolidated Cash flow Statement, of the Cash flow of the group for the year then ended on that date.

**For Bohara Bhandari Bung And Associates**

Chartered Accountants  
(Firm Regn No:008127S)

**CA. Pankajkumar Bohara**

Partner  
Membership No:215471

Place / Camp: Hyderabad

Dated : 10<sup>th</sup> August, 2012



## Part - I - Consolidated Balance Sheet as at March 31, 2012

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated )

Particulars	Note	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
(a) Share Capital	2	490.48	480.48
(b) Reserves and Surplus	3	27,167.01	21,384.87
(c) Money received against share warrants	4	-	437.50
		<b>27,657.49</b>	<b>22,302.85</b>
Share Application money pending allotment		-	164.98
Minority Interest		<b>485.74</b>	<b>147.40</b>
<b>Non-current Liabilities</b>			
(a) Long-term Borrowings	5	507.49	1,142.17
(b) Deferred Tax Liabilities (net)	6	1,882.64	1,471.91
(c) Long-term Provisions	7	634.17	571.08
		<b>3,024.30</b>	<b>3,185.16</b>
<b>Current Liabilities</b>			
(a) Short-term Borrowings	8	4,124.27	3,315.16
(b) Trade Payables	9	5,682.67	2,790.31
(c) Other Current Liabilities	10	2,004.77	1,664.84
(d) Short-term Provisions	11	302.11	250.52
		<b>12,113.82</b>	<b>8,020.83</b>
<b>TOTAL</b>		<b>43,281.35</b>	<b>33,821.22</b>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
(a) Goodwill on Consolidation		518.10	293.45
(b) Fixed Assets (Net Block)			
Tangible Assets	12	16,136.99	14,323.41
Intangible Assets	12	5.81	7.65
Capital Work-in-Progress	13	5,742.65	328.31
(c) Non-current Investments	14	11.47	364.87
(d) Long-term Loans and Advances	15	2,079.58	664.39
		<b>24,494.60</b>	<b>15,982.08</b>
<b>Current Assets</b>			
(a) Current Investments	16	6,802.17	-
(b) Inventories	17	6,732.02	4,333.15
(c) Trade Receivables	18	4,052.67	4,013.12
(d) Cash and Cash Equivalents	19	227.20	8,720.50
(e) Short-term Loans and Advances	20	842.55	684.45
(f) Other Current Assets	21	130.14	87.92
		<b>18,786.75</b>	<b>17,839.14</b>
<b>TOTAL</b>		<b>43,281.35</b>	<b>33,821.22</b>

Notes : 1-46 form an integral part of financial statement.

As per our Report of even date attached

for **Bohara Bhandari Bung And Associates**  
Chartered Accountants  
Firm's Registration No.008127S

**CA.Pankajkumar Bohara**  
Partner - M.No.215471

Place/Camp : Hyderabad  
Date: 10<sup>th</sup> August, 2012

For and on behalf of the Board of Directors

**Omprakash Inani**  
Chairman

**Nagalakshmi Popuri**  
Company Secretary

**Vishnukant.C. Bhutada**  
Managing Director

**N.C. Bhandari**  
Sr.Manager - Finance

**Part - II - Consolidated Statement of Profit and Loss for the year ended March 31, 2012**
*(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated )*

Particulars	Note	For the year ended 31 <sup>st</sup> March, 2012	For the year ended 31 <sup>st</sup> March, 2011
<b>REVENUE</b>			
Revenue from operations	22	32,370.19	29,610.93
Less: Excise duty		552.00	582.36
		<b>31,818.19</b>	<b>29,028.57</b>
Other Income	23	828.16	515.25
<b>Total Revenue</b>		<b>32,646.35</b>	<b>29,543.82</b>
<b>EXPENSES</b>			
a) Cost of Materials Consumed	24	19,679.20	15,038.01
b) Purchases of Stock-in-Trade (Traded Goods)	25	562.72	368.58
c) Change in Inventory of Finished Goods, Work-in-Progress and Stock-in-Trade	26	(1,845.00)	933.29
d) Employee Benefits Expense	27	3,630.31	3,087.42
e) Finance Costs	28	167.41	205.84
f) Depreciation and Amortisation Expense	12	1,436.24	1,295.74
g) Other Expenses	29	3,727.40	2,202.26
<b>Total Expenses</b>		<b>27,358.28</b>	<b>23,131.14</b>
<b>Profit Before Exceptional and extraordinary items and tax</b>		<b>5,288.07</b>	<b>6,412.68</b>
Extraordinary Income / (Expense)	30	62.72	-
Prior Period Income / (Expense)	31	(16.97)	(17.89)
<b>Profit Before Tax</b>		<b>5,333.82</b>	<b>6,394.79</b>
<b>Tax Expenses</b>			
1.Current Tax		1,090.41	1,330.06
Less:MAT Credit Entitlement		310.80	-
		779.61	1,330.06
2.Deferred Tax (Net)		410.73	129.94
		1,190.34	1,460.00
<b>Profit for the period from continuing operations</b>		<b>4,143.48</b>	<b>4,934.79</b>
Share in Loss of Associates		-	(10.00)
Share in Loss / (Profits) of Minority Interest		(12.46)	0.09
<b>Profit for the Year</b>		<b>4,155.94</b>	<b>4,924.88</b>
<b>Earning per equity share for Rs.2/- face value (before extraordinary income)</b>			
Basic		17.03	21.48
Diluted		17.03	21.24
<b>Earning per equity share for Rs.2/- face value (after extraordinary income)</b>			
Basic		17.29	21.48
Diluted		17.29	21.24
<b>Number of shares used in computing earnings per share</b>			
Basic		24,037,826	23,059,781
Diluted		24,037,826	23,318,686

**Notes : 1-46 form an integral part of financial statement.**

As per our Report of even date attached

for **Bohara Bhandari Bung And Associates**

Chartered Accountants

Firm's Registration No.008127S

**CA.Pankajkumar Bohara**

Partner - M.No.215471

**Place/Camp : Hyderabad**
**Date: 10<sup>th</sup> August, 2012**

For and on behalf of the Board of Directors

**Omprakash Inani**

Chairman

**Vishnukant.C. Bhutada**

Managing Director

**Nagalakshmi Popuri**

Company Secretary

**N.C. Bhandari**

Sr.Manager - Finance

## Consolidated Cash Flow Statement for the year ended March 31, 2012

(All amount are in Indian Rupees in lakhs unless otherwise stated)

Particulars	For the year ended 31 <sup>st</sup> March, 2012	For the year ended 31 <sup>st</sup> March, 2011
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profits Before Tax (PBT) and Prior Period Adjustments	5,350.80	6,412.68
<b>Less: Adjustments</b>		
Interest Received	637.91	334.61
Dividend Income	48.23	-
Liabilities / Provisions Written back	13.96	12.86
Unrealized Gain on Reinstatement	-	78.94
Profit on Sale of Fixed Assets	-	107.48
Foreign Currency Translation Reserve	53.59	(67.00)
	<b>4,597.12</b>	<b>5,945.78</b>
<b>Add: Adjustments</b>		
Depreciation & Amortisation	1,436.24	1,295.74
Interest Paid	167.41	205.84
Loss on sale of Fixed Assets	4.15	-
Bad Debts/ Advances Written Off	13.15	4.82
Unrealized Exchange Loss	138.78	-
Deferred revenue Expenditure	2.80	2.80
Advances Written off	5.70	0.13
	<b>6,365.36</b>	<b>7,455.10</b>
Operating profit before working capital changes & Other Adjustments		
<b>Adjustments for Increase / (Decrease) in Operating Liabilities</b>		
- Trade Payables	2,792.17	(1,077.52)
- Other Current Liabilities & Short-term Provisions	179.44	(1,209.26)
- Long-term Provisions	15.84	33.66
<b>Adjustments for (Increase) / Decrease in Operating Receivables</b>		
- Inventories	(2,398.87)	710.28
- Trade Receivables	1.25	(528.69)
- Long-term Loans & Advances	(390.71)	400.88
- Short-term Loans & Advances & Other Current Assets	(417.75)	(433.60)
	<b>6,146.73</b>	<b>5,350.85</b>
Prior Period Adjustments	-	(4.31)
Less: Income Taxes (Net)	(773.10)	(1,260.57)
<b>Net Cash flow from Operating Activities</b>	<b>5,373.62</b>	<b>4,085.97</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets (Incl.CWIP)	(7,914.60)	(1,613.11)
Sale of Fixed Assets	13.72	649.95
Movement in Capital Advances	(949.97)	(506.86)
Interest received	674.64	324.53
Dividend Income	48.23	-
Current Investments	(6,802.17)	-
Increase/(Decrease) in Other Non-current Assets	317.48	-
Non-current Investments	(359.78)	1,922.14
<b>Net Cash used in Investing Activities</b>	<b>(14,972.46)</b>	<b>776.63</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Decrease in Long-term Borrowings	(913.10)	(3,997.71)
Increase in Short-term Borrowings	949.12	305.14
Dividend and Corporate Dividend tax paid	(222.34)	(179.34)
Increase in Share Capital	7.50	49.82
Increase in Capital Subsidy	82.94	-
Share Application Money Pending Allotment	-	-
Money received against share warrants	-	437.50
Increase in Securities Premium Account	1,305.00	7,097.52
Interest Paid	(165.84)	(119.73)
<b>Net Cash earned from Financing Activities</b>	<b>1,043.28</b>	<b>3,593.21</b>
<b>Net Increase/(decrease) in Cash and Cash Equivalents</b>	<b>(8,555.56)</b>	<b>8,455.81</b>
Cash & Cash Equivalents at the Beginning of the year	8,782.76	264.69
<b>Cash &amp; Cash Equivalents at the End of the year</b>	<b>227.20</b>	<b>8,720.50</b>

Components of Cash and Cash Equivalents	For the year ended 31 <sup>st</sup> March, 2012	For the year ended 31 <sup>st</sup> March, 2011
Cash on Hand	16.45	13.79
Cash at Banks		
a) In Fixed Deposit Account (with maturity less than 3 months)	35.00	8,550.23
b) In Fixed Deposit Account & Assigned as security (with maturity more than 3 months)	12.95	46.60
c) In Unclaimed Dividend Accounts	8.67	6.90
d) In Current Accounts	154.13	102.99
<b>Total Cash and Cash Equivalents</b>	<b>227.20</b>	<b>8,720.50</b>

Note:

1. Previous year figures have been reclassified, wherever necessary.
2. The above Consolidated Cash Flow Statement has been prepared under “Indirect Method” set out in Accountanting Standard (AS) -3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.

As per our Report of even date attached  
for **Bohara Bhandari Bung And Associates**  
Chartered Accountants  
Firm's Registration No.008127S

**CA.Pankajkumar Bohara**  
Partner - M.No.215471

**Place/Camp : Hyderabad**  
**Date: 10<sup>th</sup> August, 2012**

For and on behalf of the Board of Directors

**Omprakash Inani**  
Chairman

**Vishnukant.C. Bhutada**  
Managing Director

**Nagalakshmi Popuri**  
Company Secretary

**N.C. Bhandari**  
Sr.Manager - Finance

## Notes to the Consolidated Financial Statements for the Year Ended 31<sup>st</sup> March, 2012

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated )

### 1. Significant Accounting Policies

#### a) Basis of Preparation

The consolidated financial statements of Shilpa Medicare Limited, its subsidiaries and associates (“the Group”) are prepared under the historical cost convention and in accordance with the requirements of the Companies Act, 1956.

#### b) Principles of consolidation

The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as of the Company.

The consolidated financial statements have been prepared on the following basis:

The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Inter-company balances and transactions and unrealized profits or losses have been fully eliminated

Interest in a jointly controlled entity / Associates has been reported under Equity method of consolidation. An associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture. The excess of cost to the Group of its investments in subsidiary companies over its share of the equity of the subsidiary companies at the dates on which the investments in the subsidiary companies are made, is recognized as ‘Goodwill’ being an asset in the consolidated financial statements.

Minority interest in the net assets of consolidated subsidiary consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Group in the subsidiary companies and further movements in their share in the Profit / (Loss) thereon.

#### c) Use of Estimates

The preparation of financial statements requires the management of the Group to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the year. Example of such estimates include provision for doubtful debts, employee benefit plans, provision for income taxes, accounting for of depreciation on fixed assets and provision for impairments.

- i) In case of foreign subsidiaries, being non-integral foreign operations, revenue items are converted at the average rates prevailing during the year. All assets and Liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the “Foreign Currency Translation Reserve”.
- ii) The consolidated financial statements are prepared by adopting uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the company’s separate financial statements except otherwise stated elsewhere in this schedule.

## Notes to the Consolidated Financial Statements for the Year Ended 31<sup>st</sup> March, 2012

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated )

iii) A) The subsidiaries considered in the Consolidated Financial Statements are as under:

Name of the Subsidiary	Country	Extent of Holding
1. Zatortia Holding Limited ('Zatortia')	Cyprus	100.00%
2. Loba Feinchemie GmbH ('Loba') (Stedown Subsidiary)	Austria	99.99%
3. Raichem Life Sciences Pvt. Ltd ('Raichem') (formerly known as Raichem Pharma Pvt Ltd)	India	100.00%
4. Raichem Medicate Pvt. Ltd	India	50.01%
5. Nu Therapeutics Pvt. Ltd	India	73.38%

B) The Associates considered in the Consolidated Financial Statements are as under:

Name of the Associate	Country	Extent of Holding
01. Reva Pharma Chem (P) Ltd	India	33.33%

- iv) For the purpose of consolidation, the Consolidated Financial Statements of Shilpa Medicare Limited which reflects Zatortia, Loba & Raichem as at 31<sup>st</sup> March, 2012 has been prepared. In order to consolidate financial statements of Shilpa Medicare Limited have been restated, where considered material, to comply with Generally Accepted Accounting Principles in India.
- v) Loss for the year attributable to Minority has been calculated proportionately on the basis of their respective holdings.
- vi) Loss of Associate has been restricted to the extent of Investment in the said Associate in conformity with AS-23.

## 2. Share Capital

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Authorised</b>		
<b>Equity Shares</b>		
4,00,00,000 (P.Y. 4,00,00,000), Rs. 2/- each par value	800.00	800.00
	<b>800.00</b>	<b>800.00</b>
<b>Issued, Subscribed and Fully Paid Up</b>		
<b>Equity Shares</b>		
2,45,24,165 (PY: 2,40,24,165), Rs. 2/- each par value	490.48	480.48
<b>TOTAL</b>	<b>490.48</b>	<b>480.48</b>



## Notes to the Consolidated Financial Statements for the Year Ended 31<sup>st</sup> March, 2012

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated )

### (a) Reconciliation of the number of shares.

Particulars	As at 31 <sup>st</sup> March, 2012		As at 31 <sup>st</sup> March, 2011	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	24,024,165	480.48	22,024,165	440.48
Shares Issued during the year on conversion of warrants	500,000	10.00	2,000,000	40.00
<b>Shares outstanding at the end of the year</b>	<b>24,524,165</b>	<b>490.48</b>	<b>24,024,165</b>	<b>480.48</b>

### b) Rights, Preferences and restrictions attached to each class of Shares:

**Equity Shares:** The company has one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing 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) Shareholders holding more than 5% shares in the Company

Particulars	As at 31 <sup>st</sup> March, 2012		As at 31 <sup>st</sup> March, 2011	
	No of Shares	%	No of Shares	%
1) Vishnukant.C.Bhutada	2,903,034	11.84	2,553,034	10.63
2) Baring India Private Equity Fund III Limited	2,000,000	8.16	2,000,000	8.32
3) Dharmavati Bhutada	1,380,922	5.63	1,380,922	5.75
4) Kantabai Inani	1,279,880	5.22	1,254,880	5.22
5) Kamal Kishore Inani	1,256,276	5.12	1,231,276	5.13

### d) Details of equity shares allotted as fully paid-up pursuant to contracts without payment being received in cash during the period of five years immediately preceeding the balance sheet date is given below:

Particulars	As at				
	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07
<b>Class of shares (Equity)</b>					
No. of shares of Rs. 2/- fully paid issued pursuant Amalgamation of Shilpa Organics Pvt Ltd., with the company to its erstwhile shareholders without payment being received in cash.	-	-	3,916,664	-	-

e) On 22.03.2012, 500,000 equity shares of Face value of Rs.2/- each were issued at a premium of Rs.348/- per share upon conversion of share warrants which were issued by the Company in the year 2010-2011.



**Notes to the Consolidated Financial Statements for the Year Ended 31<sup>st</sup> March, 2012**

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated )

**3. Reserves and Surplus**

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Capital Reserve</b>		
Opening Balance	-	-
Add: Amount transferred from profit and loss account	32.36	32.36
Less: Amount utilized	-	-
Closing Balance	<b>32.36</b>	<b>32.36</b>
<b>Capital Subsidy</b>		
Opening Balance	54.77	54.77
Add: Amount received during the year	82.94	-
Less: Amount utilised	-	-
Closing Balance	<b>137.71</b>	<b>54.77</b>
<b>Securities Premium Account</b>		
Opening Balance	9,706.25	2,746.25
Add: On Issue of Shares	1,740.00	6,960.00
Less: Amount utilised	-	-
Closing Balance	<b>11,446.25</b>	<b>9,706.25</b>
<b>General Reserves</b>		
Opening Balance	1,322.68	797.68
Add: Amount transferred from profit and loss account	525.00	525.00
Less: Amount utilised	-	-
Closing Balance	<b>1,847.68</b>	<b>1,322.68</b>
<b>Surplus as per the Statement of Profit and Loss</b>		
Opening Balance	10,124.42	5,948.66
Add: Profit/ (Loss) for the year	4,155.94	4,924.88
Less: Amount utilised		
a) Proposed dividend on Equity Shares for the year	(220.72)	(192.19)
b) Dividend distribution tax on Proposed dividend	(35.80)	(31.92)
c) Transfer to General Reserves	(525.00)	(525.00)
Closing Balance	<b>13,498.84</b>	<b>10,124.42</b>
Foreign currency Monetary Translation Difference Account (Refer Note No. 40)	204.17	144.38
<b>TOTAL</b>	<b>27,167.01</b>	<b>21,384.87</b>

## Notes to the Consolidated Financial Statements for the Year Ended 31<sup>st</sup> March, 2012

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated )

### 4. Money received against share warrants

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Money received against share warrants	-	437.50
<b>TOTAL</b>	<b>-</b>	<b>437.50</b>

### 5. Long-term Borrowings

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Term Loans (Secured)		
<b>i. From Banks</b>		
a) External Commercial Borrowings (ECB)	-	1,116.25
b) Term Loans	-	25.92
c) Deferred Payment Credit	507.49	-
<b>Nature of Security</b>		
The ECB is taken from ICICI Bank, Hong Kong and is Secured by first charge on all the assets created out of such loans i.e. Assets of EOU and guaranteed by some of the Directors.		
<b>Terms of Repayment</b>		
a) The ECB from ICICI Bank, Hong Kong is Repayable in 8 equal Half Yearly installments with the last installment falling due on 31.12.2012. Rate of Interest on such Loan is Libor + 150 basis point, payable half yearly.		
The Balance outstanding at the beginning of the current reporting period was USD 5 Mn. Out of which \$2.50 Mn was paid during the year and the balance USD 2.50 Mn is payable in the remaining 02 half yearly installment with the last installment falling due as on 31.12.2012.		
b) The Company got sanction ECB of USD 10 Mn on 08.03.2012 from SCB, Bangalore 4Mn for Shilpa and 6 Mn for its WOS - Raichem Life Sciences Pvt. Ltd.,. The Rate of Interest on such Loan being Libor + 350 basis points payable quarterly. The Company had opted to drawdown the amount on 03.04.2012.		
<b>Nature of Security</b>		
This Loan is secured by first exclusive hypothecation on the moveable assets of the Company and personal guarantees by 02 of its Directors. Further, the Company has given Corporate gurantee of Rs. 25 crores for ECB loan taken by its subsidiary Raichem Life Sciences Pvt Ltd.		
<b>Terms of Repayment</b>		
It is repayable in 08 equal Half Yearly installments after 18 months from the date of drawdown.		

## Notes to the Consolidated Financial Statements for the Year Ended 31<sup>st</sup> March, 2012

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated )

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>c) Nature of Security</b>		
Term loan from BAWAG Bank Austria is secured against Mortgage of Moveable & Immoveable Assets, Trade Receivables & Letter of Comfort issued by Holding Company .		
<b>Terms of Repayment</b>		
The Term Loan from BAWAG Bank Austria is repayable in 116 installments with the last installment falling due on 31-7-2012.The rate of interest charged by the bank @ 4.85%.		
<b>d) Buyer's Credit for Capital Goods from SCB.</b>		
<b>Terms of Repayment</b>		
Buyers Credit is Repayable in 10 equal quarterly installment with last installment falling due on November -2014. Rate of Interest on loan is Libor + 350 basis points payable quarterly.		
<b>Nature of Security</b>		
Buyers Credit Loan taken by Raichem Life Sciences Pvt Ltd, subsidiary Company, from SCB is secured by Exclusive charge on moveable and immoveable fixed assets of the Company alongwith Corporate gurantee from Shilpa Medicare Ltd, its holding Company and Personal Gurantee of 02 of its directors.		
<b>TOTAL</b>	<b>507.49</b>	<b>1,142.17</b>

### 6. Deferred Tax Liability (Net)

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Deferred Tax Liability</b>		
On account of Timming Difference of Depreciation	1,996.32	1,539.48
<b>Deferred Tax Asset</b>		
On account of disallowable items under Income Tax Act	(113.68)	(67.57)
<b>TOTAL</b>	<b>1,882.64</b>	<b>1,471.91</b>

### 7. Other Long-term Provisions

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Provision for employee benefits		
Gratuity / Severance Pay	634.17	571.08
<b>TOTAL</b>	<b>634.17</b>	<b>571.08</b>

## Notes to the Consolidated Financial Statements for the Year Ended 31<sup>st</sup> March, 2012

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated )

### 8. Short-term Borrowings

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Secured</b>		
(a) Loans Repayable on Demand		
(i) Working Capital Demand Loan from banks	3,674.94	3,186.63
b) Deferred Payment Liabilities		
(i) Buyer's Credit for Capital Goods	438.69	-
<b>Unsecured</b>		
a) Loans from Directors / Silent Partner (Unsecured)	10.64	128.53
<b>a) Terms &amp; Nature of Security</b>		
1.Working capital loans from Lakshmi Vilas Bank (LVB) is secured by primary security against Stock of Raw Materials, Work in Progress and Finished Goods & Book debts of the Company. Further, Factory Land & Bldg, Plant & Machinery has been given as collateral security to the bank and also such loans have been guranteed by 02 Directors of the Company. The Rate of Interest charged by LVB on OCC is at Base Rate + 3.75%. The said facility was renewed on 30-04-2012.		
2.Working capital loan from SCB is secured by First pari passu charge on current assets and first charge on certain fixed assets (except those created through other loans) in line with other working capital lenders and personal gurantee of 02 Directors in line with other working capital lenders of the Company. The Rate of Interest on OCC facility granted to the Company is at SCB Base rate + 350 basis points and on overdraft it is at SCB Base Rate + 4%. Further the Rate of interest charged on PCFC/PSFC facility is at Libor + 150 basis points.		
3.Working capital loan from BAWAG Bank, Austria taken by the foreign stepdown subsidiary is secured against mortgage of moveable & immoveable assets, trade receivable & letter of comfort issued by holding company in favour of its subsidiary. The rate of interest on working capital facility in Euro is @ 5.125% & 4.375% for loan in USD respectively.		

## Notes to the Consolidated Financial Statements for the Year Ended 31<sup>st</sup> March, 2012

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated )

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>b) Deferred Payment Liabilities (Buyers Credit from SCB)</b>		
<b>Terms of Loan</b> Interest rate is Libor + 350 basis points. This facility is granted by the bank for a maximum period of 180 days from the date of individual drawdown. The first tranche of amount was drawn on 24-02-2012		
<b>Nature of Security</b> It is secured by First pari passu charge on current assets and first charge on certain fixed assets (except those created through other loans) in line with other working capital lenders and personal gurantee of 02 of its Directors in line with other working capital lenders of the Company.		
<b>TOTAL</b>	<b>4,124.27</b>	<b>3,315.16</b>

## 9. Trade Payables

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
(i) Trade paybles (Refer Note No.38 & 39)	4,966.35	2,508.80
(ii) Others		
(a) Capital Creditors	645.31	240.09
(b) Advances from Customers	60.51	30.92
(c) Trade Deposits	10.50	10.50
<b>TOTAL</b>	<b>5,682.67</b>	<b>2,790.31</b>

## Notes to the Consolidated Financial Statements for the Year Ended 31<sup>st</sup> March, 2012

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated )

### 10. Other Current Liabilities

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Current maturities of long-term debt	1,434.14	1,202.39
Interest accrued but not due on borrowings	8.76	2.14
Interest accrued and due on Trade Deposits	0.51	-
Application money for allotment of securities and due for refund	0.08	-
Book Overdraft	58.21	79.55
Unclaimed Dividends	8.67	6.90
Unclaimed Bonus & Salary	0.54	0.68
Bonus Payable	2.00	-
Provision for Expenses	194.73	178.74
Employee Benefit Liability	101.72	43.64
Income Tax (Net)	58.46	64.12
Tax Deducted at Source	124.24	86.02
VAT, Entry Tax & Profession Tax	12.71	0.66
<b>TOTAL</b>	<b>2,004.77</b>	<b>1,664.84</b>

### 11. Short-term Provisions

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
a) Provision for Providend Fund	26.78	20.97
b) Provision for Taxation (Net)	18.81	5.44
c) Provision for Proposed Dividend	220.72	192.19
d) Provision for Corporate Dividend Tax	35.80	31.92
<b>TOTAL</b>	<b>302.11</b>	<b>250.52</b>

## 12. Fixed assets (Consolidated)

Fixed Assets	Gross Block					Accumulated Depreciation					Net Block		
	As at 1 April 2011	Additions	Sub Total	Disposals	FCTR	As at 31 March 2012	As at 1 April 2011	Deprecia- tion charge for the year	Deduction/ Adjustment during the year	FCTR	As at 31 March 2012	As at 31 March 2011	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
A) Tangible Assets													
i) Owned													
a) Borewell	4.12	1.68	5.81	-	-	5.81	0.61	0.23	-	-	0.84	4.96	3.51
b) Building	5,982.33	435.25	6,417.58	0.75	180.97	6,597.79	2,043.85	212.21	0.79	136.17	2,391.44	4,206.35	3,938.47
c) Canteen Equipment	0.59	0.63	1.22	-	-	1.22	0.11	0.05	-	-	0.16	1.06	0.48
d) Computer	120.42	80.59	201.02	1.18	-	199.84	56.34	26.01	0.43	-	81.93	117.91	64.08
e) Electrical Installation	1,108.09	38.67	1,146.76	-	-	1,146.76	195.82	83.52	-	-	279.35	867.41	912.27
f) Empty Cylinders	4.00	-	4.00	-	-	4.00	2.95	0.65	-	-	3.60	0.40	1.05
g) ETP Building	445.42	7.98	453.40	-	-	453.40	44.52	15.08	-	-	59.60	393.80	400.90
h) ETP Machinery	170.63	32.91	203.54	-	-	203.54	25.44	14.06	-	-	39.50	164.04	145.19
i) Furniture	1,434.92	114.94	1,549.86	13.85	104.77	1,640.79	1,190.44	65.38	14.55	95.14	1,336.41	304.38	244.48
j) Generator	37.88	14.83	52.71	-	-	52.71	12.09	3.20	-	-	15.29	37.42	25.79
k) Lab Equipments	845.88	1,036.00	1,881.88	-	-	1,881.88	152.15	93.70	-	-	245.84	1,636.03	693.73
l) Office Equipment	51.61	3.68	55.29	4.43	3.42	54.27	44.17	2.75	4.66	3.45	45.71	8.56	7.44
m) PM (Power Generation Unit)	2,022.00	-	2,022.00	-	-	2,022.00	901.90	209.65	-	-	1,111.55	910.45	1,120.10
n) Pipeline	1,191.46	6.85	1,198.30	-	-	1,198.30	207.38	88.70	-	-	296.08	902.23	984.08
o) Plant & Machinery	8,120.64	908.34	9,028.99	21.14	193.36	9,201.21	3,501.97	578.53	18.21	171.53	4,233.81	4,967.39	4,618.68
p) Pollution Control Equip.	36.51	-	36.51	-	-	36.51	24.62	2.72	-	-	27.33	9.17	11.89
q) R & D Equipments	240.54	1.51	242.05	-	-	242.05	59.56	11.27	-	-	70.84	171.21	180.97
r) Storage Tank	43.91	2.54	46.45	-	-	46.45	18.90	6.94	-	-	25.84	20.61	25.01
s) Transformer	3.58	-	3.58	-	-	3.58	1.91	0.50	-	-	2.41	1.18	1.68
t) Unit-II Land & Building	5.86	-	5.86	-	-	5.86	2.01	0.20	-	-	2.20	3.66	3.85
u) Vehicle	137.89	72.96	210.85	18.14	0.01	192.72	40.47	16.98	4.42	0.01	53.04	139.68	97.42
v) Weigh Bridge	3.47	-	3.47	-	-	3.47	0.52	0.26	-	-	0.77	2.70	2.95
w) Xerox Machine	2.29	-	2.29	-	-	2.29	1.32	0.32	-	-	1.64	0.65	0.97
x) Land	265.82	309.78	575.60	-	8.13	583.73	-	-	-	-	-	583.73	265.82
	22,279.86	3,069.15	25,349.01	59.49	490.65	25,780.17	8,529.04	1,432.90	43.06	406.30	10,325.18	15,454.99	13,750.82



Fixed Assets	Gross Block					Accumulated Depreciation					Net Block	
	As at 1 April 2011	Additions	Sub Total	Disposals	FCTR	As at 31 March 2012	As at 1 April 2011	Depreciation charge for the year	Deduction/Adjustment during the year	FCTR	As at 31 March 2012	As at 31 March 2011
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
ii) Leased Assets												
a) Leasehold Land (Refer Note No.01)	572.59	109.81	682.40	0.40	-	682.00	-	-	-		-	-
	572.59	109.81	682.40	0.40	-	682.00	-	-	-		-	572.59
Sub-Total (A)	22,852.45	3,178.96	26,031.41	59.89	490.65	26,462.17	8,529.04	1,432.90	43.06	406.30	10,325.18	14,323.41
B) Intangible Assets												
Computer Software	59.00	2.86	61.86	-	4.68	66.54	54.88	2.16	-	4.47	61.50	4.13
Technical Know How	21.88	-	21.88	-	-	21.88	19.22	2.19	-	-	21.41	2.66
Patents & Trade Marks	56.84	0.33	57.17	-	4.58	61.75	55.97	0.93	-	4.54	61.45	0.87
Sub-Total (B)	137.73	3.18	140.91	-	9.26	150.17	130.07	5.28	-	9.01	144.36	7.65
Less : Depn Capitalized	-	-	-	-	-	-	-	1.94	-	-	-	-
Sub-Total (A+B)	22,990.18	3,182.14	26,172.32	59.89	499.91	26,612.34	8,659.11	1,436.24	43.06	415.30	10,469.54	14,331.06
Previous Year	21,891.14	1,652.37	23,543.51	816.19	262.86	22,989.18	7,417.60	1,297.94	274.48	218.05	8,660.11	14,329.06

Note:

1. Leasehold land pertains to Land acquired from KIADB on Lease - cum - sale basis for a period of 10 years.

\* includes Rs. 101.37 Lakhs being exchange differences capitalized. Refer Note No.40

\*\* includes Rs.169.13 Lakhs being exchange differences capitalized. Refer Note No.40

\*\*\* includes Rs. 4.22 Lakhs being exchange differences capitalized. Refer Note No.40

## Notes to the Consolidated Financial Statements for the Year Ended 31<sup>st</sup> March, 2012

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated )

### 13. Capital Work-in-Progress

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
a) Building Under Construction	197.62	2.11
b) Machinery Under Erection	19.37	18.83
c) Electrical Installation Under Erection	6.12	-
d) Land Development Expenses to KIADB	2.37	-
e) Lab Equipment Under Erection	163.92	10.14
f) Projects Under Erection	5,084.91	240.68
g) Pre-operative Expenses (Pending Capitalization)	268.34	56.55
<b>TOTAL</b>	<b>5,742.65</b>	<b>328.31</b>

### 14. Non-current Investments

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Trade Investmensts (At Cost)</b>		
A) Investment in Equity Instruments (unquoted fully paid up)		
i) In Associate Companies		
a) Investment Nil (PY: 438,139) in shares of Nu Therapeutics (P) Ltd, Hyderabad of Rs.10/- each.	-	355.00
Less: Provision for diminution in the value of Investments	-	-
<b>Net Amount of Investments</b>	<b>-</b>	<b>355.00</b>
<b>B) Investments in Government Securities (Unquoted)</b>		
a) National Savings Certificate (NSC)	0.25	0.25
b) Repurchase value of Insurance	11.22	9.62
	<b>11.47</b>	<b>9.87</b>
<b>TOTAL</b>	<b>11.47</b>	<b>364.87</b>
<b>Aggregate value of unquoted investments</b>	<b>11.47</b>	<b>364.87</b>

## Notes to the Consolidated Financial Statements for the Year Ended 31<sup>st</sup> March, 2012

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated )

### 15. Long-term Loans and Advances

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Capital Advances for Fixed Assets</b>		
Unsecured, considered good	1,534.12	543.67
	<b>1,534.12</b>	<b>543.67</b>
<b>Security Deposits (Unsecured, Considered good)</b>		
a) Electricity Deposits	47.88	43.86
b) Rental Deposits	76.76	1.76
c) Telephone Deposits	0.61	0.55
d) Tender Deposits	4.13	3.38
e) Miscellaneous Deposits	19.44	15.12
	<b>148.82</b>	<b>64.67</b>
<b>Other Loans and Advances (Unsecured, Considered good)</b>		
a) MAT Entitlement Benefit	310.80	-
b) Income Taxes (Refer Note No.43)	23.28	23.28
c) VAT receivable on Capital Goods & Other Items (Refer Note No.44)	29.90	29.98
d) Prepaid Expenses	4.16	-
e) Preliminary & Pre-Operative Exp to the extent not written-off	28.50	2.79
	<b>396.64</b>	<b>56.05</b>
<b>TOTAL</b>	<b>2,079.58</b>	<b>664.39</b>

### 16. Current Investments

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Investments in Mutual Funds</b>		
a) HDFC Mutual Fund	1,000.00	-
b) ICICI Prudential Mutual Fund	1,500.00	-
c) PNB Fixed Maturity Plan	500.00	-
d) SBI Mutual Fund	3,802.17	-
<b>TOTAL</b>	<b>6,802.17</b>	<b>-</b>

Market value of aggregate amount of quoted investments CY: Rs.6818.57 Lakhs (P.Y: Nil) valued at lower of cost and fair value.

### 17. Inventories

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
a) Raw Materials	2,362.46	1,855.70
b) Work- in- Progress	3,668.49	1,958.66
c) Finished Goods		
i) Others	554.85	416.55
ii) Goods-in Transit	11.25	-
d) Stock-in-Trade	20.47	27.76
e) Stores and Spares		
i) Others	92.64	70.38
ii) Goods-in Transit	5.70	-
f) Packing Materials	16.16	4.10
<b>TOTAL</b>	<b>6,732.02</b>	<b>4,333.15</b>

## Notes to the Consolidated Financial Statements for the Year Ended 31<sup>st</sup> March, 2012

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated )

### 18. Trade Receivables

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Unsecured, Considered good</b>		
Trade receivable outstanding more than six months	85.23	28.51
Unsecured, considered doubtful	-	4.82
	85.23	33.33
Less: Provision for doubtful debts	-	(4.82 )
	<b>85.23</b>	<b>28.51</b>
<b>Unsecured, Considered good</b>		
Trade receivable outstanding less then six months	3,967.44	3,984.61
Unsecured, considered doubtful	13.15	-
	<b>3,980.59</b>	<b>3,984.61</b>
Less: Provision for doubtful debts	(13.15)	-
	<b>3,967.44</b>	<b>3,984.61</b>
<b>TOTAL</b>	<b>4,052.67</b>	<b>4,013.12</b>

### 19. Cash and Cash Equivalents

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
a) Cash on hand	16.45	13.79
b) Balance with Banks in Current Accounts	154.13	102.99
c) Bank Deposits having maturity of less than 3 months	35.00	8,550.23
d) Other Bank balances		
i) Fixed Deposits with more than 3 months maturity	0.60	0.60
e) Earmarked Balances		
i) Unclaimed Dividend Accounts	8.67	6.90
f) Fixed Deposits held as margin money (Refer Note below)	12.35	46.00
<b>TOTAL</b>	<b>227.20</b>	<b>8,720.50</b>

Note:

1) Fixed deposit with original maturity of more than 12 months has been given in the form of Gurantees to a) Commissioner of Customs, Mumbai, b) The Commercial Taxes Department Hyderabad, and c) Andhra Pradesh Pollution Control Board, Hyderabad. (APPCB, Hyd)

### 20. Short-term Loans and Advances

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Loans and advances to related parties</b>		
a) Secured, Considered good	-	-
b) Unsecured, Considered good		
i) Reva Pharma Chem Pvt Ltd (Associate)	152.44	79.60
ii) Directors	0.60	-
	<b>153.04</b>	<b>79.60</b>
<b>Others ( Unsecured)</b>		
a) Tax Deducted at Source	0.31	0.03
b) Cenvat Receivable	331.99	282.52
c) VAT Receivable	11.46	3.25
d) CST Receivable	196.23	181.73
e) Service Tax Receivable	94.90	101.54
f) Prepaid Expenses	31.53	25.41
g) Staff Advance/Against Expenses	13.27	10.27
h) Advance to KIADB	9.82	0.10
	<b>689.51</b>	<b>604.85</b>
<b>TOTAL</b>	<b>842.55</b>	<b>684.45</b>

## Notes to the Consolidated Financial Statements for the Year Ended 31<sup>st</sup> March, 2012

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated )

### 21. Other Current Assets

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
(a) Advances to Suppliers	15.74	3.02
(b) Interest accrued but not due on fixed deposits	5.18	21.47
(c) Advance Receivable in cash or kind for value to be received	109.22	63.43
(d) Doubtful Receivables	5.70	-
	<b>135.84</b>	<b>87.92</b>
Less: Provision for Doubtful Receivables	5.70	-
<b>TOTAL</b>	<b>130.14</b>	<b>87.92</b>

### 22. Revenue from Operations

Particulars	For the Year Ended 31 <sup>st</sup> March, 2012	For the Year Ended 31 <sup>st</sup> March, 2011
a) Sales of Products	32,064.48	29,385.29
Less: Excise duty	552.00	582.36
	31,512.48	28,802.93
b) Power Sales	305.71	225.64
	<b>31,818.19</b>	<b>29,028.57</b>
<b>Sales Comprised of:</b>		
i) Bulk Drugs	13,525.73	13,410.73
ii) Intermediates	17,111.20	14,872.26
iii) Bulk Drug( Trading)	530.91	345.01
iv) Power	305.71	225.65
v) Medicines	319.51	164.41
vi) Others	25.13	10.51
<b>TOTAL</b>	<b>31,818.19</b>	<b>29,028.57</b>

### 23. Other Income

Particulars	For the Year Ended 31 <sup>st</sup> March, 2012	For the Year Ended 31 <sup>st</sup> March, 2011
a) Interest Income		
i) Banks	622.84	332.14
ii) Others	15.08	2.47
b) Insurance claim received	0.57	-
c) Bad Debts recovered	12.59	35.00
d) Liabilities written back	11.97	12.86
e) Provision written back	1.99	-
f) Income from sale of carbon credits (Net)	0.88	-
g) Dividend from Current Investment	48.23	-
h) Miscellaneous Income	114.01	25.10
i) Profit on sale of fixed assets	-	107.68
<b>TOTAL</b>	<b>828.16</b>	<b>515.25</b>

## Notes to the Consolidated Financial Statements for the Year Ended 31<sup>st</sup> March, 2012

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated )

### 24. Cost of Material Consumed

Particulars	For the Year Ended 31 <sup>st</sup> March, 2012	For the Year Ended 31 <sup>st</sup> March, 2011
Opening Stock	1,744.29	1,520.92
Add: Purchases	20,192.30	15,261.38
Less: Closing stock	2,257.39	1,744.29
<b>Raw Materials &amp; Packing Materials</b>	<b>19,679.20</b>	<b>15,038.01</b>
Materials Consumed comprises of :		
a) Raw Materials	19,604.04	14,996.09
b) Packing Materials	75.16	41.92
<b>TOTAL</b>	<b>19,679.20</b>	<b>15,038.01</b>

### 25. Purchase of Stock-in-Trade

Particulars	For the Year Ended 31 <sup>st</sup> March, 2012	For the Year Ended 31 <sup>st</sup> March, 2011
Purchase of traded goods	562.70	368.20
Packing Materials	0.02	0.38
<b>TOTAL</b>	<b>562.72</b>	<b>368.58</b>

### 26. Change in Inventory of Finished Goods, Work-in-Progress and Stock-in-Trade

Particulars	For the Year Ended 31 <sup>st</sup> March, 2012	For the Year Ended 31 <sup>st</sup> March, 2011
Opening Stock		
Finished Goods	444.31	478.18
Work-in-Progress	1,958.66	2,858.08
Less: Closing Stock		
Finished Goods	579.48	444.31
Work-in-Progress	3,668.49	1,958.66
<b>TOTAL</b>	<b>(1,845.00)</b>	<b>933.29</b>

### 27. Employee Benefits Expense

Particulars	For the Year Ended 31 <sup>st</sup> March, 2012	For the Year Ended 31 <sup>st</sup> March, 2011
Salaries and Wages	2,870.82	2,383.38
Contribution to Provident Fund and Other Funds	426.71	405.75
Workmen and Staff Welfare Expenses	70.28	48.00
Managing Director Remuneration	262.50	250.29
<b>TOTAL</b>	<b>3,630.31</b>	<b>3,087.42</b>

### 28. Finance Cost

Particulars	For the Year Ended 31 <sup>st</sup> March, 2012	For the Year Ended 31 <sup>st</sup> March, 2011
Interest on:		
a) Working Capital Demand Loans	99.76	72.96
b) Term Loans	39.79	121.32
c) Others	27.86	11.56
<b>TOTAL</b>	<b>167.41</b>	<b>205.84</b>

## Notes to the Consolidated Financial Statements for the Year Ended 31<sup>st</sup> March, 2012

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated )

### 29. Other Expense

Particulars	For the Year Ended 31 <sup>st</sup> March, 2012	For the Year Ended 31 <sup>st</sup> March, 2011
Power and fuel	938.38	703.35
Rent	139.16	18.17
Repairs and Maintenance to		
a) Buildings	126.56	99.52
b) Plant and Machinery	323.14	205.21
c) Others	70.56	72.08
Exchange Loss/(Gain) - Net	286.26	(379.96)
Rates and Taxes	10.48	10.51
License Fees	36.83	12.85
Insurance Charges	62.40	51.57
Traveling & Conveyance	137.51	134.54
Contract Labour Charges	287.38	224.96
Legal & Professional Fees	128.12	78.44
Auditor's Remuneration	8.99	6.94
R&D Expenses	229.46	125.21
Transportation Charges	169.44	136.30
Brokerage and Commission	123.97	121.32
Job Work Charges	0.88	65.99
Sales Promotion and Advertisement	27.32	69.56
Director's Sitting Fees	1.20	1.00
Bank Charges	63.15	57.59
Loss on Sale of Assets	4.15	-
Bad Debts/ Advance Written Off	18.85	4.82
Clearing and Forwarding	150.17	122.05
VAT/ Entry Tax	9.17	5.58
Miscellaneous Expenses	362.87	243.90
Deferred Revenue Expenses Written Off	2.80	2.80
Handling and Storage Charges	8.20	7.96
<b>TOTAL</b>	<b>3,727.40</b>	<b>2,202.26</b>

### 30. Extraordinary Income

Particulars	For the Year Ended 31 <sup>st</sup> March, 2012	For the Year Ended 31 <sup>st</sup> March, 2011
Compensation on account of short all in Wind Power Generation	62.72	-
<b>TOTAL</b>	<b>62.72</b>	<b>-</b>

### 31. Prior Period Expense

Particulars	For the Year Ended 31 <sup>st</sup> March, 2012	For the Year Ended 31 <sup>st</sup> March, 2011
Prior Period Income / (Expense)	(16.97)	(17.89)
<b>TOTAL</b>	<b>(16.97)</b>	<b>(17.89)</b>



## Notes to the Consolidated Financial Statements for the Year Ended 31<sup>st</sup> March, 2012

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated )

32. In view of different sets of environment in which Cyprus & Austrian subsidiaries namely Zatortia & Loba respectively, and Raichem Life Sciences Pvt. Ltd and Raichem Medicare Pvt. Ltd., (Indian Subsidiaries) are operating, Accounting policies followed in respect of following items by them are different from the accounting policies mentioned in Schedule 17 notes to accounts of the Financial statements of the parent unit:

Particulars	Accounting Policies		31 <sup>st</sup> March, 2012		31 <sup>st</sup> March, 2011	
	Company	Subsidiaries	Amount	Proportion	Amount	Proportion
Depreciation and Amortization	Depreciation is charged on the basis of rates and manner specified for each class of assets in Schedule XIV of the companies Act, 1956.	Depreciation is charged based on balance useful life of assets (ranging from 10% -50%) on straight line basis depending on the item of assets.	86.36	99.99%	77.29	99.99%

33. In respect of all the employee benefits. The details of which are given elsewhere in their standalone notes. In respect of subsidiary companies employee benefits i.e. pension plan wherever the employees of the Company qualify, it is fully funded by way of reinsurance with the Insurance Company. In respect of provision for severance payments / jubilee payments in case of foreign subsidiary have been provided for based on the valuation of that Company.

### 34. Contingent Liabilities And Commitments

Particulars	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
a) For Local & Foreign L/C.	952.16	898.33
b) Bank Guarantees.	1.54	13.61
c) Letter of Comfort.	683.40	1,264.80
d) Claims against the company not acknowledge as debts.	142.90	75.83
e) Others Gurantees.	128.56	122.42
e) Corporate Guarantee given to Standard Chartered Bank on behalf of Raichem Life Sciences Pvt Limited (Wholly Owned Subsidiary Company)	2,500.00	-
f) Estimated amount of contracts remain to be executed on account of capital account not provided for (net of advance)	5,176.01	414.59
<b>TOTAL</b>	<b>9,584.58</b>	<b>2,789.58</b>

## Notes to the Consolidated Financial Statements for the Year Ended 31<sup>st</sup> March, 2012

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated )

### 35. RELATED PARTIES DISCLOSURES PURSUANT TO ACCOUNTING STANDARD 18:

(All amount are in Indian Rupees in lakhs unless otherwise stated)

#### List of related parties

1. **Associates**  
Reva Pharmachem Pvt Ltd
2. **Key Management Personnel (KMP)**  
Omprakash Inani  
Vishnukanth .C. Bhutada
3. **Relatives**  
Dharmavati Bhutada  
Deepak Kumar Inani

Sl. No.	Particulars	31 <sup>st</sup> March, 2012				31 <sup>st</sup> March, 2011			
		Subsidiaries	Associates	KMP	Relatives	Subsidiaries	Associates	KMP	Relatives
1	<u>Interest Received</u> Reva Pharmachem Pvt Ltd	-	10.21	-	-	-	-	-	-
2	<u>Commission Paid</u> Reva Pharmachem Pvt Ltd	-	6.49	-	-	-	-	-	-
3	<u>Rent Paid</u> Dharmavati Bhutada	-	-	-	5.77	-	-	-	5.12
4	<u>Remuneration</u> Deepak Inani	-	-	-	11.89	-	-	-	11.95

### Notes to the Consolidated Financial Statements for the Year Ended 31<sup>st</sup> March, 2012

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated )

Sl. No.	Particulars	31 <sup>st</sup> March, 2012				31 <sup>st</sup> March, 2011			
		Subsidiaries	Associates	KMP	Relatives	Subsidiaries	Associates	KMP	Relatives
5	<u>Asset Purchase</u> Deepak Inani	-	-	-	63.20	-	-	-	-
6	<u>Managerial Remuneration</u> Vishnukanth .C. Bhutada	-	-	256.99	-	-	-	250.29	-
7	<u>Sitting Fees</u> Omprakash Inani	-	-	-	0.40	-	-	-	0.30
8	<u>Movement of Loans / Advances</u>								
8.01	<u>Opening Balance</u> Reva Pharmachem Pvt Ltd	-	79.60	-	-	-	-	-	-
8.02	<u>Given during the year</u> Reva Pharmachem Pvt Ltd \$	-	72.84	-	-	-	79.60	-	-
8.03	<u>Closing Balance</u> Reva Pharmachem Pvt Ltd	-	152.44	-	-	-	79.60	-	-
9	<u>Payables</u> Vishnukanth .C. Bhutada	-	-	103.70	-	-	-	99.02	-
10	<u>Maximum balance outstanding during the year</u> Reva Pharmachem Pvt Ltd	-	152.44	-	-	-	79.60	-	-

## Notes to the Consolidated Financial Statements for the Year Ended 31<sup>st</sup> March, 2012

(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated )

36. During the year the company has only one reportable segments viz., Bulk Drug & Intermediates in accordance with the requirement of AS-17 "Segment Reporting". Hence Segment Reporting is not applicable to the Company.
37. In the opinion of the Board, all assets other than fixed assets and non-current investments, have a realisable value in the ordinary course of business which is not different from the amount at which it is stated.
38. Balances of Trade Receivables /Trade Payables/Advances and Security deposits are subject to Balance Confirmation.
39. The Company has not received any intimation from "Suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures relating to amount unpaid as at the year end together with interest paid / payable under this act cannot be ascertained.
40. The Company has exercised the option of capitalizing the exchange differences arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded, so far as they relate to the acquisition of depreciable capital asset as per para 46A to AS-11. "The effects of changes in Foreign Exchange Rates" vide notification No. GSR 914(E) dated 29th December, 2011 issued by The Ministry of Corporate Affairs. In other cases, the difference has been accumulated in "Foreign Monetary Item Translation Difference A/c" to be amortized over the balance period of such long term asset as per the said notification. By virtue of above the Company has capitalized Rs.274.72,lacs to the Fixed Assets acquired out of such External Commercial Borrowings (ECB) being the exchange difference and has transferred Rs.260.68 Lacs in Foreign Monetary Item Translation Difference A/c , being gain arising on account of reinstatement of Investment in Wholly Owned Foreign Subsidiary.
41. Income tax demand of Rs.120.50 Lakhs (PY: Rs.53.42 Lakhs ) pertaining to earlier years is contested in appeal as per the legal advise based on certain Judicial pronouncements relating to identical point of law, therefore no provision is made for such demand.
42. Net worth of Reva Pharmachem Pvt Ltd (Associate Company) as at the Balance Sheet date has been completely eroded. However, the management is of the view that since the Investments are long term in nature, hence no provision is required to be made.
43. An amount of Rs.23.28 Lakhs (PY: Rs.23.28 Lakhs) is paid against the disputed tax demand and the same is shown under note no.15.
44. The Company is in appeal before the Hon.Tribunal in respect of its claim of Refund of Input Tax paid on Capital Goods amounting to Rs.26.89 lacs (PY: Rs.28.11) under Karnataka Value Added Tax Act, 2003, the same is shown as receivable under the head "VAT receivable on Capital Goods & Other items".
45. Previous Year Figures  
Till the year ended 31 March 2011, the Company was using pre-revised Schedule VI to the Companies Act 1956, for presentation of its financial statements. For the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company. The Company has reclassified previous year figures to conform to current classification.
46. All other notes to accounts are as appearing in the notes to accounts of the Parent Company.

As per our Report of even date attached  
for **Bohara Bhandari Bung And Associates**  
Chartered Accountants  
Firm's Registration No.008127S

**CA.Pankajkumar Bohara**  
Partner - M.No.215471

**Place/Camp : Hyderabad**  
**Date: 10<sup>th</sup> August, 2012**

For and on behalf of the Board of Directors

**Omprakash Inani**  
Chairman

**Vishnukant.C. Bhutada**  
Managing Director

**Nagalakshmi Popuri**  
Company Secretary

**N.C. Bhandari**  
Sr.Manager - Finance

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES***(All amount are in Indian Rupees in lakhs, except shares data & where otherwise stated)*

Name of the Subsidiary Company	Financial Year/ period of the subsidiary company	Date from which it became subsidiary	Extent of the interest of the holding Company in the Capital and Reserves of the Subsidiary Company at the end of the financial year/period of the subsidiary company.		Net aggregate amount of the subsidiary company's profit/(loss) not dealt within the holding company's accounts.		Net aggregate amount of the subsidiary company's profit/(loss) dealt within the holding Company's accounts.	
			a) Number of shares held	b) Extent of holding	Current Year/ Period	Previous Year/Period	Current Year/ period	Previous Year/period
Zatortia Holdings Limited	01 <sup>st</sup> April to March 31 <sup>st</sup>	31-03-2008	2000	100%	N.A	N.A	(3.67)	(3.31)
Loba Feinchemie GmbH	01 <sup>st</sup> April to March 31 <sup>st</sup>	31-03-2008	Step down sub- sidiary (Invested through Zatortia Holdings Limited)	99.99%	0.01	0.01	199.23	(48.68)
Raichem Life Sciences Private Limited	01 <sup>st</sup> April to March 31 <sup>st</sup>	10-03-2009	4,10,000	100%	N.A	N.A	(59.14)	(59.27)
Raichem Medicare Private Limited	01 <sup>st</sup> April to March 31 <sup>st</sup>	19-03-2011	2,08,217	50.01%	N.A	N.A	N.A	N.A
Nu Therapeutics Private Limited	01 <sup>st</sup> April to March 31 <sup>st</sup>	07-09-2011	12,48,549	73.38%	(12.46)	-	(34.34)	-

**FINANCIAL INFORMATION RELATING TO SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31ST MARCH, 2012**

Sl No.	Name of the Subsidiary Company	Capital	Reserves	Total Assets	Total Liabili- ties	Investment in **		Turnover/ Revenue	Profit/ (Loss) before taxes	Provision for income & Deferred Tax	Profit/ (Loss) After Tax	Dividend
						Govern- ment Securities	Mutual Fund/ Insurance Company					
1.	Raichem Lifesciences Pvt Limited	41.00	71.73	6471.96	6471.96	0.05	-	130.46	(89.53)	30.39	(59.14)	-
2.	Raichem Medicare Pvt Limited \$	41.64	569.01	624.12	624.12	0.05	-	-	-	-	-	-
3.	Nu Therapeutic Pvt Ltd.	170.15	480.96	1094.84	1094.84	-	-	189.06	13.56	(60.36)	(46.80)	-
4.	Zatortia Holding Limited \$	2.34	2281.30	2290.95	2290.95	-	-	-	(3.67)	-	(3.67)	-
5.	Loba Feinchemie GMBH \$	489.59	342.43	2542.18	2542.18	11.22	-	3653.20	199.23	7.63	191.60	-

\*\* Excluding Investment in Subsidiaries, \$ Business not yet commenced, \$\$ Conversion into Indian Rupee @ exchange rate 1Euro=68.34 for Balance Sheet item & Rs. 66.43 for P & L item exchange rate adopted as per RBI website

For and on behalf of the Board of Directors

Place : Hyderabad

Date: 10<sup>th</sup> August, 2012
**Omrakash Inani**  
Chairman

**Vishnukant.C. Bhutada**  
Managing Director

**Nagalakshmi Popuri**  
Company Secretary

**N.C Bhandari**  
Sr.Manager-Finance



## Shilpa Medicare Limited

Registered Office: 10/80, 1st Floor, Rajendra Gunj,  
Raichur- 584102 (Karnataka)

### PROXY FORM

Regd. Folio No:

No. of Shares Held:

Client ID No:

I/We \_\_\_\_\_ of \_\_\_\_\_ being a member/members of  
Shilpa Medicare Limited, hereby appoint \_\_\_\_\_ of  
\_\_\_\_\_ or failing him/her \_\_\_\_\_ of \_\_\_\_\_ as  
my/our proxy to attend and vote for me/us on my/our behalf at the 25<sup>th</sup> Annual General Meeting of  
the Company at Hotel Nrupatunga, Ambedkar Circle, Station Road, Raichur- 584101. (Karnataka) on  
Saturday the 29<sup>th</sup> September, 2012 at 11.30 AM.

As WITNESS my/our hand/hands this \_\_\_\_\_ day of \_\_\_\_\_ 2012.

Signed by the said \_\_\_\_\_

Affix  
Revenue  
Stamp

Note: 1. The proxy must be deposited at the Registered Office of the Company,  
Not less than 48 hours before the time for holding the meeting.  
2. Please bring your copy of this Annual Report for the meeting.

Signature



## Shilpa Medicare Limited

Registered Office: 10/80, 1st Floor, Rajendra Gunj, Raichur- 584102 (Karnataka)

### ATTENDANCE SLIP

(Please present this slip at the Meeting Venue)

Regd. Folio No:

No. of Shares Held:

Client ID No:

I hereby record my presence at the 25<sup>th</sup> Annual General Meeting of the Company being held on Saturday  
the 29<sup>th</sup> September, 2012 at Hotel Nrupatunga, Ambedkar Circle, Station Road, Raichur- 584101,  
(Karnataka)

.....  
Name of the Shareholder/ Proxy

.....  
Signature of Member/ Proxy





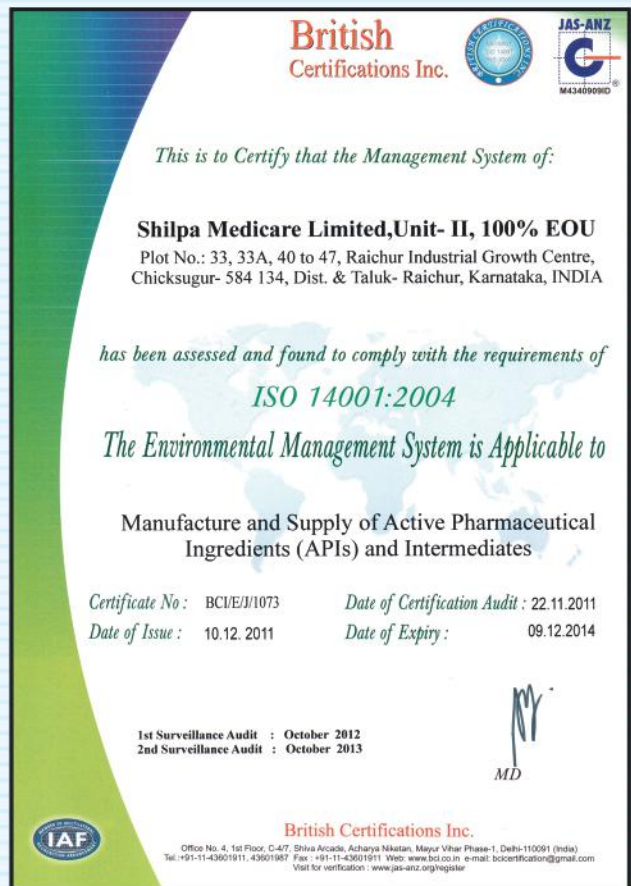
## Awards



Award for Innovation by  
The Indo Italian Chamber of Commerce & Industry



**Best Exporter Award from VITC, Bangalore**







## ***Shilpa Medicare Limited***

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Web : [www.vbshilpa.com](http://www.vbshilpa.com)

