



RPG LIFE SCIENCES LIMITED

4th Annual Report 2010-11



FORMULATIONS PLANT AT ANKLESHWAR



**BOARD OF DIRECTORS**

Mr. H. V. Goenka	Chairman
Mr. R. A. Shah	Alternate to Mr. Dilip Sen
Mr. C. L. Jain	
Mr. Ajit Gulabchand	
Dr. Lalit S. Kanodia	
Mr. Mahesh S. Gupta	
Mr. Manoj K. Maheshwari	
Mr. P. K. Mohapatra	
Mr. Dilip Sen	
Mr. Ajit Singh Chouhan	Managing Director

AUDIT COMMITTEE

Mr. C. L. Jain
Mr. Mahesh S. Gupta
Mr. P. K. Mohapatra
Mr. Ajit Singh Chouhan

HEAD - LEGAL & COMPANY SECRETARY

Mr. Ankur Kumar

AUDITORS

Lovelock & Lewes
Chartered Accountants

REGISTERED OFFICE

RPG House
463, Dr. Annie Besant Road
Worli, Mumbai 400 030
E-mail: investorservices@rpgls.com
Website: www.rpglifesciences.com

MANAGEMENT TEAM

Mr. Ajit Singh Chouhan	Managing Director
Mr. P. K. Pathak	Chief Executive – Global Formulations
Mr. Ravi Soni	Chief Executive – Global Generics, API & Biotech
Mr. Sachin Raole	Chief Financial Officer
Mr. Ratish Jha	General Manager – Human Resources
Mr. Uday R. Bapat	Chief Scientific Officer
Ms. Suchitra Tiwari	Head – Regulatory Affairs & Quality

SOLICITORS

Crawford Bayley & Co.

BANKERS

Union Bank of India
State Bank of India
Corporation Bank
Export-Import Bank of India

REGISTRARS

Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (West)
Mumbai 400 078

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**NOTICE**

NOTICE IS HEREBY GIVEN THAT THE FOURTH ANNUAL GENERAL MEETING OF THE MEMBERS OF RPG LIFE SCIENCES LIMITED WILL BE HELD ON THURSDAY, JULY 28, 2011 AT 3.30 P.M. AT RAVINDRA NATYA MANDIR, P.L. DESHPANDE MAHARASHTRA KALA ACADEMY, SAYANI ROAD, PRABHADEVI, MUMBAI 400 025 TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2011, the Profit and Loss Account for the year ended on that date and the Report of the Directors and the Auditors thereon.
2. To declare dividend for the year ended on March 31, 2011.
3. To appoint a Director in place of Mr. C. L. Jain, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. P. K. Mohapatra, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Dilip Sen, who retires by rotation and, being eligible, offers himself for re-appointment.
6. 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 an Ordinary Resolution:

“RESOLVED THAT M/s. Lovelock & Lewes, Chartered Accountants, be and are hereby re-appointed as 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 of the Company on such remuneration as fixed by the Board of Directors of the Company.”

SPECIAL BUSINESS:

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 198, 269, 309, 310, 311 read with Schedule

XIII and other applicable provisions, if any, of the Companies Act, 1956 (the said Act) including any statutory modification or re-enactment thereof and subject to the approval of the Central Government and subject to all approvals, permissions and sanctions as may be necessary; and subject to such conditions and modifications as may be prescribed or imposed by any of the authorities in granting such approvals, permissions and sanctions, the Company hereby approves the payment of remuneration not exceeding Rs.1.75 Crores (Rupees One Crore Seventy Five Lacs only) per annum with effect from July 1, 2011 to Mr. Ajit Singh Chouhan, Managing Director, by way of salary, allowances and perquisites, as may be recommended/approved by the the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include the Remuneration/Compensation Committee constituted by the Board) from time to time.

RESOLVED FURTHER THAT pursuant to Section II of Part II of Schedule XIII and other applicable provisions of the said Act, if any, and subject to such approvals as may be necessary, the Company may pay Mr. Ajit Singh Chouhan, Managing Director, the remuneration specified supra, as minimum remuneration in case the Company has no profits or its profits are inadequate during any of the financial years during his tenure as Managing Director.

RESOLVED FURTHER THAT the Board be and is hereby authorised to increase, vary, amend the remuneration and other terms of appointment as deemed expedient or necessary during the tenure of Mr. Ajit Singh Chouhan as Managing Director or as may be prescribed by the authorities giving their sanction or approval.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any questions or doubts that may arise in this regard.”

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Members/proxies should bring duly filled attendance slip sent herewith to attend the meeting.
3. The explanatory statement setting out material facts concerning the Special Business mentioned under Item No.7 of the Notice as required under Section 173(2) of the Companies Act, 1956, is annexed hereto.
4. The details of Directors seeking re-appointment at the Annual General Meeting as required under Clause 49 of the listing agreement is annexed hereto.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, July 18, 2011 to Thursday, July 28, 2011 (both days inclusive).
6. The dividend, as recommended by the Board, if declared at the Annual General Meeting, will be paid on or after July 28, 2011 to those members whose names stand registered on the Company's Register of Members:
 - i) as beneficial owners as at the end of business hours on July 15, 2011 as per the list to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of shares held in dematerialized form.
 - ii) as members in the Register of Members of the Company after giving effect to valid share transfers lodged with the Company, on or before July 15, 2011.
7. Members holding shares in electronic form are hereby informed that bank particulars registered

against their respective depository accounts will be used by the Company for the payment of dividend. The Company or its Registrar and Share Transfer Agent cannot act on any request received directly from the members holding shares in electronic form for any change of address and bank particulars or bank mandates. Such changes are to be communicated only to the Depository Participant of the members.

8. Members holding shares in physical form are requested to notify the change, if any, in their address and bank mandate details to the Registrar and Share Transfer Agent, Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400 078.
9. Members who have not encashed their dividend warrant for the previous years, may approach the Company or Registrar and Share Transfer Agent and submit their claim for the said dividend. The amount of dividend remaining unclaimed for a period of seven (7) years shall be transferred to the Investor Education and Protection Fund as per the provisions of Section 205C of the Companies Act, 1956. It may also be noted that once the unclaimed dividend is transferred to the Fund, as above, no claim shall lie in respect thereof.
10. Members are requested to bring their copy of the Annual Report to the Annual General Meeting.
11. Members seeking any information on the Accounts are requested to write to the Company, which should reach the Company atleast one week before the date of the Annual General Meeting so as to enable the Management to keep the information ready. Replies will be provided only at the Annual General Meeting.

By Order of the Board of Directors

Ankur Kumar
Head – Legal & Company Secretary

Registered office:

RPG House
463, Dr. Annie Besant Road
Worli, Mumbai 400 030

Place: Mumbai

Date: April 28, 2011

**Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956****Item No.7**

At the Annual General Meeting (AGM) held on July 29, 2010, Mr. Ajit Singh Chouhan was appointed as Managing Director of the Company for a period of 3 years from April 9, 2010 to April 8, 2013. In view of the onerous responsibilities and continuing challenges on the Managing Director, the Remuneration/ Compensation Committee of the Board, subject to the approval of the shareholders and the Central Government, if and when required, proposed to increase the remuneration of Mr. Ajit Singh Chouhan with effect from July 1, 2011. The proposed increase in remuneration has also been approved by the Board of Directors.

The Board recommends the passing of the Special Resolution as set out in Item No. 7 of the accompanied notice. Mr. Ajit Singh Chouhan, being concerned,

is interested in the resolution. None of the other Directors are concerned or interested in this resolution.

This may be treated as an abstract as required under Section 302(1) of the Companies Act, 1956.

By Order of the Board of Directors

Ankur Kumar

Head – Legal & Company Secretary

Registered office:

RPG House
463, Dr. Annie Besant Road
Worli, Mumbai 400 030

Place: Mumbai

Date: April 28, 2011

Important communication – Support Green Initiative

Ministry of Corporate Affairs, New Delhi (“MCA”) has taken a “Green Initiative” in the Corporate Governance by permitting paperless compliances by companies vide its Circular No.17/2011 dated April 21, 2011 and Circular No.18/2011 dated April 29, 2011 and clarified that the service of documents by a company can be made through electronic mode instead of sending the physical copy of the document(s) to its shareholders.

Keeping in view the underlying theme and the circulars issued by MCA, we propose to send henceforth all communications/documents including the Notice calling the Annual General Meeting, audited financial statements, directors’ report, auditors’ report, etc. via electronic mode. In connection with the same, we request you to provide your latest/updated e-mail address on which future communication/correspondence/documents can be sent to you.

Shareholders holding shares in demat mode, are requested to register their e-mail ID with the concerned Depository Participant. The shareholders holding shares in physical mode are requested to register their e-mail ID with Link Intime India Private Limited (Registrar and Share Transfer Agents of the Company) by sending a request letter duly signed by the first/sole shareholder.

We are sure you would appreciate the “Green Initiative” taken by MCA and your Company’s desire to participate in such initiatives.



Annexure to Notice

Details of Directors' seeking re-appointment at the Annual General Meeting in pursuance of Clause 49 of the listing agreement.

<p>Mr. C.L. Jain</p>	<p>Mr. Jain, 77 years, is a post graduate in commerce and also a member of Institute of Chartered Secretaries & Administrators, London, Chartered Institute of Management Accountants, London, Institute of Management, London, Institute of Chartered Accountants of India and Institute of Company Secretaries of India. Mr. Jain has very rich and vast experience in the field of finance and accounts, acquired over 41 years of working experience with various organizations including ICI, Hindustan Lever Ltd., Hoechst India Ltd. and later as president of Ceat Asset Management Ltd. He was a visiting faculty member of the Bajaj Institute of Management and other institutes for two decades. He was also chairman of Banking and Finance Committee of the Bombay Chamber of Commerce and Industry for a period of 4 years.</p> <p>Mr. Jain is also a director of Asit C. Mehta Investment Intermediates Ltd., United Breweries Ltd., Shaw Wallace Breweries Ltd., Millennium Beer Industries Ltd. and NOCIL Ltd.</p> <p>Mr. Jain is the Chairman of Audit Committee of NOCIL Ltd. and a member of Audit Committee of United Breweries Ltd. and Millennium Beer Industries Ltd. He is also a member of Shareholders/ Investors Grievance Committee of United Breweries Ltd.</p> <p>Mr. Jain does not hold any shares in the Company.</p>
<p>Mr. P.K. Mohapatra</p>	<p>Pradipta K. Mohapatra, 61 years, served as a member of RPG Group's Management Board between 1993 and 2008. He provided oversight to companies in the Technology and earlier, in Retail and Entertainment Sectors. During his career, he has significant experience in incubation of new businesses as well as nursing sick businesses back to health.</p> <p>Mr. Mohapatra's work has been documented in several case studies by IMD, Lausanne, INSEAD, Paris and IIM, Ahmedabad. He is Past Chairman of Confederation of Indian Industries - Southern Region, Past President, Madras Management Association and Member, Executive Council of AIMA. As a Co-founder of Executive Business Coaching Foundation, India, Mr. Mohapatra is very involved with the promotion of Executive Coaching as a new profession in India.</p> <p>Mr. Mohapatra is an Engineer from NIT, Rourkela and studied Management at Jamnalal Bajaj and Harvard Business School. He is also a graduate of Behavioural Coaching Institute, UK and was invited to be Fellow of Chartered Management Institute, UK.</p> <p>Mr. Mohapatra is a director of Saregama India Ltd., Zensar Technologies Ltd., Morarjee Textiles Ltd., Executive and Business Coaching Founding India Ltd., Chennai Business School Ltd., Larsen & Toubro Ltd. (Power T&D Independent company) and many privately held companies in India and overseas. He also serves a number of Board Committees.</p> <p>Mr. Mohapatra does not hold any shares in the Company.</p>
<p>Mr. Dilip Sen</p>	<p>Mr. Sen, 61 years, is a Bachelor of Electrical Engineering with Honours distinction. He worked as a project engineer in Union Carbide Ltd. and joined CESC Limited in 1974 as an engineer in distribution division and worked as Executive Director (Commercial), overseeing the entire commercial functions and IT initiatives of the company. Mr. Sen is widely experienced in all facets of power utility activities with particular emphasis on power distribution. In between for three years, Mr. Sen also worked as Chief Executive, RPG Netcom Ltd., setting up a State of the Art cable company for cable services in the city of Kolkata and Howrah. Mr. Sen has contributed many papers in national and international conferences relating to power sector and has been a part of CII delegations in international interactions.</p> <p>Mr. Sen is a director of CESC Properties Ltd and Jarong Hydro-Electric Power Company Ltd.</p> <p>Mr. Sen does not hold any shares in the Company.</p>



DIRECTORS’ REPORT

Your directors have pleasure in presenting the annual report and audited statement of accounts of the Company for the year ended on March 31, 2011.

1. FINANCIAL RESULTS

The following is the summary of financial performance of the Company during the year under review.

(Rs. in crores)

	2010-11	2009-10
Total Income	187.53	163.09
Profit before depreciation, interest and tax	32.77	31.87
Less: Interest	5.78	8.14
Less: Depreciation	9.52	9.18
Profit for the year before tax	17.47	14.55
Provision for tax	3.88	2.63
Deferred Tax Liability	0.88	1.12
Profit for the year after tax	12.71	10.80
Appropriations:		
Proposed dividend	2.65	2.17
Tax on proposed Dividend	0.43	0.36
Transfer to General Reserve	0.95	0.81
Balance carried forward to balance sheet	24.03	15.35

2. DIVIDEND

Your directors recommend a dividend of Rs.1.60 (20%) per equity share of Rs.8/-each.

3. OPERATIONS

The Company has registered an improved performance during the year under review with a total income of Rs.187.53 crores, a growth of 15% as compared to the previous year. The profit after tax increased by 18% to Rs.12.71 crores as a result of introduction of new products, improved focus on key products, better production efficiencies and active cost optimization.

Formulations Business:

Performance

The formulations business achieved sales revenue of Rs.116.87 crores during the year registering a growth

of 16.50% as compared to the previous year. The focus on key brands and expanding field force helped to grow the business. The year witnessed launch of several new products in therapeutic area of focus and strength in order to enhance the depth and width of the product portfolio. New divisions were launched in highly growing chronic segments namely Cardiology and Diabetic (IMPULSE), Neurology-Psychiatry (EMPATHY) and Oncology (Neo-life). A new division ESSENTIA was also launched to cater to the Hospital sales segment. The branded exports business has consolidated its presence and increased its share of contribution to formulation business during the year.

By leveraging its strengths in core segments, the Company has been able to increase revenues from antidiarrheal products and other products such as Aldactone, Azoran, Nufex, Arpimmune, Glimetop, Rabee, Qugyl O. The Company has also strengthened its product portfolio by launching new products in the diuretic, antiepileptic, antidiarrheal, cardiovascular, anti-ulcerant, anti-depressant, immunosuppressant and Nephrology segments. Some of the new products launched during the year were Seretane 2 DT, Rabee 20, Pedimec, Minilactone, Alfalog, Demator, Naprosyn Gel, Lamotrigine dispersible tablets. Various initiatives have also been taken to develop new export markets in Africa and South East Asia.

Outlook

New products are being planned for launch in the key therapeutic areas of cardiology, nephrology, pain management and gastroenterology. These new products will augment the product portfolios of various business verticals and also enable the Company to tap growing market segments both in the domestic as well as export markets. At the same time the new dedicated divisions with their own sales force and portfolio of brands will drive the business in therapeutic areas like oncology, psychiatry, diabetology and nephrology.

Global Generics Business:

Performance

The Global Generics business achieved sales revenue of Rs.17.05 crores, a growth of 11.88% over the previous year. New agreements have been executed with customers in Germany and other EU Markets for Azathioprine tablets.



Outlook

Opportunities are being evaluated to develop and manufacture private label products for pharmacy chains. Company's presence in EU Markets and Australia will be strengthened post marketing approval of Azathioprine, which is expected by the end of FY 2011-12. Marketing dossier (ANDA) has been filed in the US during May 2010. US FDA Audit is expected in 2011-12.

Bulk Drug Business:

Performance

The Bulk Drug business achieved sales revenue of Rs.28.75 crores, a growth of 44% over the previous year. Demand from export markets has grown and new markets of Poland, Tunisia, Sri Lanka and Bangladesh have been developed. New products Nicorandil and Clopidogrel launched during the year are performing well. The Company's key products like Azathioprine, Risperidone and Quinfamide continued to perform well.

Outlook

One of the key objectives of the Company is to build a strong and sustainable product portfolio. During the current year, the Company plans to continue launching new bulk drug products and explore new geographies. The Company is also working towards completion of inspection by authorities from certain regulated markets like USA which would facilitate entry into these new markets. The Company is also planning to file Drug Master Files (DMFs) for several products in regulated and semi regulated markets.

Biotech Business:

Performance

The sales of Biotech business at Rs.21.52 crores was lower by 14% as compared to the previous year, mainly due to intense competition from domestic as well as Chinese and Korean companies, leading to pricing pressures.

However, there was good progress made with regard to yield improvement of Doxorubicin and Epirubicin.

Outlook

The Company is in the process of filing DMFs for its existing products in regulated and emerging markets.

Exports:

Exports sales for the year amounted to Rs.56.74 crores as against Rs.45.17 crores in the previous year. The Company has taken several key initiatives to gain access to new markets and is confident that these will yield results in the current year in terms of substantially increasing exports.

4. ALLOTMENT OF EQUITY SHARES

8,00,000 and 6,38,000 equity shares were allotted on September 29, 2010 to Petrochem International Ltd. and Instant Holding Ltd. (formerly KEC Holdings Ltd.), respectively, pursuant to conversion of equivalent number of warrants held by them. Further, 28,391 equity shares were allotted on November 1, 2010 upon exercise of stock options by the eligible employees under the Employees Stock Option Scheme.

5. RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors, to the best of their knowledge and belief, confirm that:

- (i) the applicable accounting standards have been followed in the preparation of the annual accounts;
- (ii) such accounting policies have been selected and applied consistently and such judgements and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company in the Balance Sheet at the March 31, 2011 and in the Profit and Loss Account for the said financial year viz. April 1, 2010 to March 31, 2011;
- (iii) Proper and sufficient care has been taken for the 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 annual accounts have been prepared on a going concern basis.

6. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars 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 are given in Annexure 'A' to this report.

**7. PARTICULARS OF EMPLOYEES**

In terms of provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, the report of the Board is required to include a statement containing names and other particulars of the employees in receipt of certain remuneration. However, as per provisions of Section 219, the annual report is being sent to all the members excluding the aforesaid statement. Any member who is desirous of obtaining such statement may write to the Company Secretary of the Company.

8. GROUP

Pursuant to an intimation from the Promoters, the names of the Promoters and entities comprising 'Group' as defined under the Monopolies and Restrictive Trade Practices ("MRTP") Act, 1969 are disclosed in the annual report for the purpose of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

9. CORPORATE GOVERNANCE

In compliance with Clause 49 of the listing agreement, Management Discussion and Analysis and Corporate Governance Report, as approved by the Board of Directors, together with a certificate from a Practising Company Secretary confirming the compliance with the requirements of Corporate Governance policies are set out in the Annexure forming part of this annual report.

10. PUBLIC DEPOSITS

In March 2010, the Company launched a fixed deposit scheme to meet a part of its funding requirements. As on March 31, 2011, the aggregate amount collected under the fixed deposit scheme was Rs.5.99 crores from 1,337 depositors. The Company has no overdue deposit other than unclaimed deposits amounting to Rs. 0.20 crores.

11. EMPLOYEE STOCK OPTION PLAN

Information in terms of Clause 12 of the SEBI (Employees' Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are given in Annexure 'B' to this report.

The certificate as required under Clause 14 of the said guidelines, obtained from the Statutory Auditors with respect to the implementation of the Company's Employee Stock Option Scheme shall be placed at the Annual General Meeting.

12. DIRECTORS

Mr. Niraj Bajaj, Director, has resigned from the

directorship of the Company with effect from October 1, 2010. The Board of Directors of the Company records its appreciation of the contribution made by Mr. Bajaj during his tenure as Director of the Company.

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. C.L. Jain, Mr. P.K. Mohapatra and Mr. Dilip Sen, Directors retire by rotation and, being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting.

The resolutions for their re-appointment as Directors of the Company are included in the notice of Annual General Meeting.

The Board of Directors recommend the re-appointment of Mr. C.L. Jain, Mr. P.K. Mohapatra and Mr. Dilip Sen.

In compliance with clause 49IV(G) of the Listing Agreement, brief resume, expertise and other details of Directors proposed to be re-appointed are attached alongwith the notice to the Annual General Meeting.

None of these directors is related to other directors of the Company.

13. SAFETY

The safety inspection and audits were periodically carried out during the year across all factories. The safety awareness programmes were organised and concerned employees were also imparted safety training.

14. AUDITORS

M/s. Lovelock & Lewes, Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting. M/s. Lovelock & Lewes have expressed their willingness and confirmed their eligibility for re-appointment as Statutory Auditors of the Company. The Board of Directors recommend the re-appointment of M/s. Lovelock & Lewes as Statutory Auditors of the Company.

15. APPRECIATION

Your directors record their appreciation of the valuable services rendered by all employees of the Company, their gratitude to the banks for their assistance and to the Company's shareholders, customers and suppliers for their continued support.

For and on behalf of the Board of Directors

H.V. Goenka
Chairman

Place: Mumbai
Date: April 28, 2011



Annexure 'A' to the Directors' Report

Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY:

(a) Energy conservation measures taken during the year:

During the year, a host of energy conservation measures were taken across all manufacturing locations and the combined use of devices, training and process change was made to conserve energy. The various measures taken during the year include (i) Replacing wooden/chillers/FPR cooling water pump with energy efficient pump (ii) Installation of capacitor bank panel for areas like utilities section (iii) Installation of hydrogen control valve to R1001 reactor (iv) Dedicated brine plant provision for manufacturing unit 2 and 3 at Navi Mumbai facility.

(b) Proposals being implemented for reduction of consumption of energy:

(i) Replacement of existing boiler by gas burners (dual action) (ii) VFD installation for cooling water and process water pumps (iii) Replacement of existing cooling towers by high jet cooling towers (iv) Replacing cooling tower circulation pump from 30 hp to 20 hp with same capacity (v) Replacement of Jet milling machine with Conta mill.

(c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on cost of production of goods:

The energy conservation measures undertaken during the year has resulted in saving of approximately Rs.0.25 crores and has thereby contributed in reducing the cost of production.

(d) Total energy consumption and energy consumption per unit as per Form A:

A Power & Fuel Consumption	<u>Current Year</u>
1 Electricity	
(a) Purchased	
Units (in 000 kWh)	7,718.00
Total amount (Rs. in crores)	4.20
Rate / Unit (Rs.)	5.44
(b) Own Generation	

	<u>Current Year</u>
(i) Through Diesel Generator (Unit in '000)	108.00
Total amount (Rs. in crores)	0.17
Cost per unit (Rs.)	16.02
(ii) Through Steam Testing Generator	
Gas (Units in '000)	554.00
Total amount (Rs. in crores)	0.81
Cost per unit (Rs.)	14.67

2 Coal	
Quantity (Tonnes)	—
Total Cost	—
Average Rate	—
3 Furnace Oil	
Quantity (litres) (in '000)	370.00
Total amount (Rs. in crores)	0.95
Average Rate (Rs./ litre)	25.76
4 Other Internal Generation	
Quantity (units in '000 kwh)	—
Total Cost (Rs. in crores)	—
Rate per litre (Rs.)	—

B Consumption per unit of production	
	<u>Std if any</u>
	<u>Current year</u>
Products,	From the records and other books
Unit Electricity	maintained by the Company, in
Furnace Oil Coal	accordance with the provisions of the
Others	Companies Act, 1956, the Company
	is not in a position to give the
	information required as per this format.

**B. TECHNOLOGY ABSORPTION:
Research and Development (R&D)**

1. Specific areas in which R & D has been carried out by the Company are :
 - a) Development of innovative, environment friendly and cost effective processes for bulk drugs and their intermediates.
 - b) Scaling up of the processes to kilo and multi-kilo levels.
 - c) Process improvement with reference to quality and cost.



- d) Development of semi synthetic products, where one of the process step is fermentation based.
- e) The formulation development is focussed on development of generic formulations for markets of Australia, Europe, US, India and Rest of the World. In addition development work is carried out on Novel Drug Delivery Systems (NDDS).

2. Benefits derived as a result of above R&D

Three separate teams engaged in research in the areas of formulation development, bulk drugs and semi synthetic bulk drugs (biotechnology) are ably supporting three businesses - Formulations, Global Generics & Bulk Drugs and Biotech.

Bulk drugs research is focused on developing new products and has successfully developed and commercialized four anti-cancer drugs and two cardiovascular products during the year. Development works on other new bulk drugs for markets of Europe, US, India and China is in progress.

The biotech research and development team successfully improved processes for existing drugs so as to improve yield.

The notable contributions by formulation development team during the year are development of novel formulations of immunosuppressant drug for Australian and German markets and a gel formulation of an NSAID drug for Indian and rest of the world markets. In the area of NDDS, two novel dosage forms for immunosuppressant drugs were successfully developed and launched in Indian market. In nephrology, medicinal-grade Ketoanalogue has been developed and commercialized. Development work on other products from different therapeutic areas is in progress.

3. Future plan of action

The future work in bulk drugs R&D will be carried out on drugs from therapeutic areas like immunosuppressant, anti-cancer, cardiovascular and diuretic. In biotech R&D, research focus will be on process optimization aimed at reducing cost and improving quality along with development of new drugs. Work on NDDS and other formulations for markets of India, Europe, US and Rest of the World will continue.

4. Expenditure on R&D

(Rs. in crores)

(a) Capital	0.22
(b) Recurring	4.30
(c) Total	4.52
(d) Total R&D expenditure as a percentage of total turnover	2.41%

Technology absorption, adaptation and innovation

Formulation technology for a drug for the treatment of chronic kidney disease is developed and successfully commercialized. During the year, intellectual property generated has been protected by filing two patents. No new technology is licensed.

C FOREIGN EXCHANGE EARNINGS AND OUTGO:

(a) Activities related to exports, initiative taken to increase exports, development of new export markets for products:

The Company's thrust is to increase the exports. Apart from setting up a US FDA approvable bulk drugs facility, various other initiatives taken to increase exports and development of export market include development of new alliances and products with significant export potential, renewal of accreditation by international regulatory agency, filing of drug master files and product dossiers, execution of new contracts for supply of products to customers from new markets, overseas product promotion and customer development activity, participation in summits and conferences organised by industry related bodies, both nationally and internationally and employment of qualified manpower for development of export market.

(b) Total foreign exchange used and earned:

During the year under review, the Company earned foreign exchange amounting to Rs.56.74 crores, while the outgo in foreign exchange amounted to Rs.16.19 crores.

For and on behalf of the Board of Directors

**H.V. Goenka
Chairman**

Place : Mumbai
Date : April, 28, 2011



Persons constituting group within the definition of “Group” as defined in the Monopolies and Restrictive Trade Practices Act, 1969, for the purpose of Regulation 3(1)(e)(i) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, include the following :

<u>Sr. No.</u>	<u>Name of the Entity</u>	<u>Sr. No.</u>	<u>Name of the Entity</u>
1.	Accurate Commodore Pvt. Ltd.	46.	Phillips Carbon Black Ltd.
2.	Adapt Investments Ltd.	47.	Prism Estates Trust
3.	Adorn Investments Ltd.	48.	Puffin Investments Ltd.
4.	Alipore Towers Pvt. Ltd.	49.	Rainbow Investments Ltd.
5.	Allwin Apartments LLP	50.	Ritushree Vanijya Pvt. Ltd.
6.	Amber Apartments Pvt. Ltd.	51.	RPG Cellular Investments & Holdings Pvt. Ltd.
7.	Atlantic Holdings Ltd.	52.	RPG Enterprises Ltd.
8.	B N Elias & Company Pvt. Ltd.	53.	RPG Industries Pvt. Ltd.
9.	Best Apartments Pvt. Ltd.	54.	RPG Infrastructure Investment Pvt. Ltd.
10.	Blue Niles Holdings Ltd.	55.	SAREGAMA India Ltd.
11.	Brabourne Investments Ltd.	56.	Secura India Trust
12.	Carnival Investments Ltd.	57.	Sentinel Tea & Exports Ltd.
13.	CEAT Ltd.	58.	Shaft Investments Pvt. Ltd.
14.	CESC Ltd.	59.	Shri Krishna Chaitanya Trading Co. Pvt. Ltd.
15.	Chattarpati Investments Ltd.	60.	Soly Commercial Pvt. Ltd.
16.	Crescent Power Ltd.	61.	South Asia Electricity Holdings Ltd.
17.	Crystal India Tech Trust	62.	Spencer & Co. Ltd.
18.	Dakshin Bharat Petrochem Pvt. Ltd.	63.	Spencer International Hotels Ltd.
19.	Doon Dooars Plantations Ltd.	64.	Spencer's Travel Services Ltd.
20.	Dotex Mercandise Pvt. Ltd.	65.	Spencer's Retail Ltd.
21.	Eastern Aviation & Industries Pvt. Ltd.	66.	Spotboy Tracom Pvt. Ltd.
22.	Ektara Enterprises Pvt. Ltd.	67.	Sri Parvathi Suthan Trading Co. LLP
23.	FGP Ltd.	68.	Stellar Energy Trust
24.	Goodhope Sales Pvt. Ltd.	69.	Stylefile Events Ltd.
25.	Goodluck Dealcom Pvt. Ltd.	70.	Summit Securities Ltd.
26.	Haldia Energy Ltd.	71.	Swallow Associates Ltd.
27.	Harrisons Malayalam Ltd.	72.	Tirumala Dealtrade Pvt. Ltd.
28.	Highway Apartments Pvt. Ltd.	73.	Trade Apartments Ltd.
29.	Horizon Master Trust	74.	Ujala Agency Pvt. Ltd.
30.	Idea Tracom Pvt. Ltd.	75.	Universal Industrial Fund Ltd.
31.	Indent Investments Pvt. Ltd.	76.	Vayu Udaan Aircraft Pvt. Ltd.
32.	Instant Holdings Ltd.	77.	Wonder Land Ltd.
33.	Integrated Coal Mining Ltd.	78.	Zensar Technologies Ltd.
34.	KEC International Ltd.	79.	Sri. Rama Prasad Goenka
35.	Kestrel Investments Ltd.	80.	Smt. Sushila Goenka
36.	Kutub Properties Pvt. Ltd.	81.	Sri. Harsh Vardhan Goenka
37.	Malabar Coastal Holdings Ltd.	82.	Smt. Mala Goenka
38.	Monitor Portfolio Trust	83.	Sri. Sanjiv Goenka
39.	Noida Power Company Ltd.	84.	Smt. Preeti Goenka
40.	Nucleus Life Trust	85.	Sri. Anant Vardhan Goenka
41.	OffShore India Ltd.	86.	Smt. Radha Goenka
42.	Organised Investments Ltd.	87.	Sri. Shashwat Goenka
43.	Pedriano Investments Ltd.	88.	Rama Prasad Goenka & Sons (HUF)
44.	Peregrine Enterprises Ltd.	89.	Harsh Anant Goenka (HUF)
45.	Petrochem International Ltd.	90.	Sanjiv Goenka & Others (HUF)
		91.	Anant Vardhan Goenka (HUF)


ANNEXURE – B to the Directors' Report

Name of the Scheme	2005 Employees Stock Option Plan		
	Pursuant to Scheme of Arrangement*	2010	
		Tranche - 1 (First Grant)	Tranche – 2 (Second Grant)
(a) Options granted during the year	-	95,000	15,000
(b) Pricing formula		The exercise price is determined by the Compensation Committee in respect of each grant of Option. However the exercise price shall be with premium or discount of a maximum of 20% on the market price as defined under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 subject to the condition that the exercise price shall not be lower than the face value of the equity shares of the Company.	
(c) Options vested during the year	30,119*	Nil	Nil
(d) Options exercised during the year	28,391*	Nil	Nil
(e) Total no. of shares arising as a result of exercise of options	28,391*	Nil	Nil
(f) Options lapsed during the year ended March 31, 2011	3,900*	Nil	Nil
(g) Variation of terms of options	-	None	None
(h) Money realised by exercise of options (Rs. lacs)	9.10*	Nil	Nil
(i) Total no. of options in force	1,728*	95,000	15,000
(j) Employee wise details of options granted			
(i) Senior Managerial Personnel:			
Mr. Ajit Singh Chouhan		40,000	-
Mr. Prashant Pathak		20,000	-
Mr. Ravi Soni		20,000	-
Mr. Ratish Jha		15,000	-
Mr. Sachin Raole		-	15,000
(ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year		Nil	Nil
(iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.		Nil	Nil



Name of the Scheme	2005 Employees Stock Option Plan		
	Pursuant to Scheme of Arrangement*	2010	
		Tranche - 1 (First Grant)	Tranche – 2 (Second Grant)
(k) Diluted Earnings Per Share (EPS) as per AS 20 (Rs.)		7.55	
(l) Difference between the employee compensation cost based on intrinsic value of the stock options and the fair value of the options and impact of this difference on profits and on EPS of the Company		If the Company had followed fair value method for accounting the stock options, compensation cost would have been higher by Rs.0.14 crores for the year 2010-11. Consequently Profit after tax for the year 2010-11 would have been lower by Rs.0.14 crores and accordingly earnings per share would be Rs. 7.52.	
(m) a) Weighted-average exercise prices of options granted during the year (Rs.)		100.55	
b) weighted-average fair values of options granted during the year (Rs.)		44.54	
(n) Description of the method and significant assumptions used during the year to estimate the fair values of options		The fair value of the options has been calculated using the Black Scholes Options Pricing Model and the significant assumptions used for the two grants are as follows:	
Risk-free interest rate (%)		7.94	8.12
Expected life (years)		8	8
Expected volatility (%)		39.51	39.51
Expected dividend yield (%)		3.66	3.66
Exercise Price (Rs.)		100	104
Market Price (Rs.)		100	103.50

* Pursuant to Scheme of Arrangement approved by the Hon'ble High Court of Bombay on December 14, 2007, Company has granted options in lieu of options granted by Brabourne Enterprises Limited (formerly RPG Life Sciences Limited) (transferor company), after making fair and reasonable adjustment to the number of options so granted and to the exercise price in a manner such that the total value of options so granted remain the same or more than that. The vesting period and life of options granted in lieu of options granted by the transferor company have been determined in such a manner that vesting period and life of options remain unaltered. That is to say, the vesting period and life of options in respect of options so granted by the Company shall be computed from the date of grant of options by the transferor company.



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1) Industry structure and developments

The Indian economy has emerged with strength from the slowdown caused by the global financial crisis of 2007-09. The medium to long term prospects of the economy continue to be positive. Inflation which remains at elevated levels, largely driven by the food items is being contained through a sequenced and gradual withdrawal of the monetary accommodation.

The Indian pharmaceutical industry is now the third largest in the world in terms of volume and stands fourteenth in terms of value and is expected to reach US\$ 55 billion in 2020 from US\$ 12.6 billion in 2009. The growth is across all therapies, indicating a strong patient demand. Other factors driving growth are increased efforts of pharma companies to expand reach and customer penetration, improvement in medical facilities due to both private and government initiatives, increase in health awareness. However, the industry continues to remain highly fragmented and sternly competitive. As a result, the industry is witnessing consolidation.

2) Opportunities and Threats

A large and growing population requiring medical treatment as well as growing income and health awareness in India apart from billions of dollars worth of drugs going off patent by 2015 offer significant opportunities for growth for companies operating in the pharmaceutical sector. The Company's strength in the areas of immunosuppressant and oncology, robust growth in generic and OTC drug markets and rising demand for generic drugs globally are also factors that have a positive bearing on future growth. Besides this, increased Government spending for health schemes and disease eradication programs present good business opportunities to the Company over a medium to long term. The Company's capabilities in manufacturing bulk drugs (both synthetic and biotech), formulation, development of formulations, R&D and the integration between bulk drugs and formulations place the Company in a unique position to exploit new business opportunities.

The Company has completed the setting up of US FDA approvable bulk drug facility. Also the UK MHRA approved formulation plant located at

Ankleshwar has been upgraded to US FDA approvable standards. The Company is also planning to file Drug Master Files (DMFs) for several bulk drugs in USA and the EU. Increased drive in promoting generic products even in the regulated markets is an opportunity which can be exploited since the Company has manufacturing facilities of both bulk drugs and formulations meeting the regulatory standards of these markets.

Intense price pressure in emerging markets, delay in approval of manufacturing facilities by US FDA / EU and increased regulatory intervention in price fixation for domestic formulation are threats which the Company faces.

3) Segment wise performance

The Company is exclusively engaged in pharmaceutical business.

Global Formulations division catering to domestic market and rest of the world market achieved sales of Rs.116.87 crores registering a growth of 16.50%. The Company has strengthened its presence in the market through launching of 4 new divisions. The Company also introduced thirty seven new products during the year.

The Company also took number of initiatives to enrich the value chain, such as training to field staff to improve technical and communication skills, integration of sales force, field force automation, redesign of communication plans and promotional strategy that are expected to improve the sales in the current year and bring consistency in performance. The special emphasis has also been put on export of immunosuppressant and oncology to Asian, African and Latin American market where these products would find competitive edge due to the Company's technology and cost.

The Global Generics business achieved net sales of Rs.17.05 crores registering a growth of 11.88% during the year. New agreements have been executed with customers in Germany and other EU Markets for Azathioprine tablets. A marketing application has been filed by the Company simultaneously in several EU Market. New products development has been undertaken for the regulated markets. Clopidogrel Bisulphate Form I tablet and Risperidone tablet for which Company already



manufacture bulk drug have been identified for the dossier development for EU and US markets.

The Bulk Drug business achieved net sales of Rs.28.75 crores registering a growth of 44% during the year. Both export and domestic demand of bulk drugs have shown a growth of 40% and 55%, respectively. The Company's other key products like Risperidone, Nicorandil and Clopidogrel performed well. In the current year the Company plans to launch new bulk drugs and also plans to foray into new markets with existing products. With these initiatives the bulk drugs business is expected to perform better in the current year.

Sales in the Biotech business at Rs.21.52 crores were lower by 14% as compared to the previous year mainly due to pressure from Chinese/Korean competition. Though our major customers continue to procure from us but unit sales realisations have come down.

4) Outlook

The outlook for the domestic pharmaceutical industry looks positive. In view of the strengths and initiatives discussed above, the outlook for the Company's business is positive.

5) Risks and Concerns

The customer concentration in global generics business and regulation of prices in domestic market by DPCO remain concerns. In order to mitigate the risk of customer concentration, the Company has undertaken a rigorous and extensive exercise to develop new customers in regulated markets. The Company is actively pursuing binding commercial relationships with major players in the regulated markets. This initiative will however, require some more time to completely insulate against the said risk. Though attrition at present is not high it continues to remain a concern. Regulators across the world have become stricter with the pharmaceutical industry. Regulatory requirements and consequences for non-compliance are also

getting more severe. The risks discussed here are in addition to other business risks that are common across the industry.

6) Internal Control Systems and their adequacy

The Company has an adequate system of internal controls, which ensure that the assets of the Company are protected from loss and unauthorised use. The internal control system provide for clearly laid down policy guidelines and approval procedures. This system of internal controls is supplemented by internal audit. The Company has a regular process of internal audit carried out by a leading firm of Chartered Accountants. The yearly audit programme is finalised in consultation with the Audit Committee and findings of the internal auditor are regularly placed before the Audit Committee and the management implements the suggestions on weaknesses, if any, observed during the course of the audit.

7) Financial performance with respect to operational performance

The total income during the year stood at Rs.187.53 crores, while Profit Before Depreciation Interest and Tax (PBDIT) and Profit Before Tax (PBT) stood at Rs.32.77 crores and Rs. 17.47 crores, respectively. The net profit was Rs.12.71 crores as against Rs.10.80 crores in the previous year. During the year, the Company repaid long term borrowing to the extent of Rs.5.16 crores.

8) Material developments in Human resources / Industrial front

The Company continues to accord high priority to human resource. Employee engagement has been improved with formal programs like 'Ask Ajit' MD's open house, and 'Eureka!' idea generation scheme. Technology is harnessed for employee welfare and development with an e-learning portal and online performance management systems. The relationship with employee's union continues to be cordial.



CORPORATE GOVERNANCE REPORT

1. Company's Philosophy

The Company lays emphasis on the values of fairness, transparency and accountability for performance at all levels, thereby enhancing the shareholders' value and protecting the interest of the stakeholders.

During the year, the Company continued its pursuit of achieving these objectives through adoption and monitoring of prudent business plans, monitoring of major risks to the Company's business and pursuing policies and procedures to satisfy its commercial, social, legal and ethical responsibilities. These practices endeavour to attain a balance between enhancement of stakeholder value, achievement of financial objective and corporate social responsibility.

2. Board of Directors

The responsibilities of the Board include formulation of policies, new initiatives, performance review and control. The Board has constituted Committees and delegated powers for different functional areas. The Board as well as its Committees meet at periodic intervals.

The present strength of the Board is nine directors. Mr. H. V. Goenka, Chairman, is a Non-Executive Director. Mr. Ajit Singh Chouhan is the Managing Director. The composition of the Board meets the requirement of the listing agreement.

3. Board / Committee meetings and proceedings

3.1 Scheduling and selection of agenda items

All Board / Committee members are given notice of the meetings in advance. The meetings are governed by a structured agenda. The agenda along with the explanatory notes are distributed well in advance.

3.2 Availability of information to the members

All items in the agenda are supported by detailed background information to enable the members to take informed decisions.

3.3 Recording minutes of the proceedings

Minutes of the proceedings of each Board / Committee meetings are recorded. Draft minutes are circulated amongst all Directors for their comments. The minutes of the proceedings of the meetings are entered in the minutes book.

3.4 Follow up mechanism

The Company has an effective mechanism for post meeting follow-up, review and reporting process for the actions taken on decisions of the Board and Committees.

3.5 Compliance

The Board periodically reviews the compliance reports to ensure adherence to all applicable provisions of law, rules and guidelines.

3.6 Board Meetings

During the financial year, four meetings of the Board of Directors were held on May 12, 2010, July 29, 2010, October 20, 2010 and January 17, 2011.



3.7. The composition, nature of directorship, number of meetings attended and their directorship in other public companies of the Board of Directors as on March 31, 2011 are as under:

Name	Category	No. of Board meetings held	No. of Board meetings attended	Whether attended last AGM held on 29.07.2010	No. of directorship in other public limited companies	Committee positions in other companies**	
						Chairman	Member
Mr. H. V. Goenka <i>Chairman</i>	Non-Executive & Non-Independent	4	4	Yes	7	-	-
Mr. C. L. Jain	Non-Executive & Independent	4	4	Yes	5	1	3
Mr. Ajit Gulabchand	Non-Executive & Independent	4	NIL	No	13	1	3
Dr. Lalit S. Kanodia	Non-Executive & Independent	4	4	Yes	3	-	-
Mr. Mahesh S. Gupta	Non-Executive & Independent	4	4	Yes	8	3	4
Mr. Manoj Maheshwari	Non-Executive & Independent	4	4	Yes	5	-	4
Mr. P. K. Mohapatra	Non-Executive & Independent	4	3	No	6	-	3
Mr. Dilip Sen	Non-Executive & Independent	4	NIL*	No	2	-	-
Mr. R. A. Shah <i>Alternate Director</i>	Non-Executive & Independent	4	4	Yes	15	5	5
Mr. Ajit Singh Chouhan <i>Managing Director</i>	Executive	4	4	Yes	3	-	1

* Mr. R.A. Shah is an Alternate Director to Mr. Dilip Sen.

** Only Audit Committee and Shareholders'/Investors' Grievance Committee positions are considered.

4. Audit Committee

The Audit Committee consisted of four Independent and Non-Executive Directors and the Managing Director, namely, Mr. C.L. Jain, Mr. Mahesh S. Gupta, Mr. P.K. Mohapatra, Mr. Niraj Bajaj and Mr. Ajit Singh Chouhan. Mr. C.L. Jain was the Chairman of the Audit Committee.

Consequent to the resignation of Mr. Niraj Bajaj w.e.f. from October 1, 2010, the Audit Committee consists of three Independent and Non-Executive Directors and the Managing Director, namely, Mr. C.L. Jain, Mr. Mahesh S. Gupta, Mr. P.K. Mohapatra and Mr. Ajit Singh Chouhan. Mr. C.L. Jain is the Chairman of the Audit Committee.

The composition of the Audit Committee complies with the requirements laid down in Clause 49 of the listing agreement with the stock exchanges. The terms of reference and powers of the Audit Committee are those prescribed under Clause 49 of the listing agreement as well as Section 292A of the Companies Act, 1956.

The Chief Financial Officer, Statutory Auditor and Internal Auditor are invitees to the Audit Committee meetings. The Company Secretary acts as Secretary to the Audit Committee.

During the financial year, four meetings of the Audit Committee were held on May 12, 2010, July 28, 2010, October 20, 2010 and January 17, 2011.



Attendance of Directors at the Audit Committee Meeting held during the financial year is as under:

Name of the Director	No. of meetings attended
Mr. C. L. Jain	4
Mr. Mahesh S. Gupta	4
Mr. Niraj Bajaj	NIL
Mr. P. K. Mohapatra	3
Mr. Ajit Singh Chouhan	4

5. Remuneration/Compensation Committee

The Remuneration/Compensation Committee consisted of four Independent and Non-Executive Directors, namely, Mr. C. L. Jain, Mr. Niraj Bajaj, Dr. Lalit S. Kanodia and Mr. P. K. Mohapatra. Mr. C. L. Jain was the Chairman of the Committee.

Consequent to the resignation of Mr. Niraj Bajaj w.e.f. October 1, 2010, the Remuneration/Compensation Committee consists of three Independent and Non-Executive Directors, namely, Mr. C. L. Jain, Dr. Lalit S. Kanodia and Mr. P. K. Mohapatra. Mr. C. L. Jain is the Chairman of the Committee. The Committee is appointed with the terms of reference of deciding the remuneration of Executive and Non-Executive Directors and to administer and superintend the ESOP Scheme of the Company.

During the financial year, four meetings of the Committee were held on May 12, 2010, August 6, 2010, October 20, 2010 and November 1, 2010. Attendance of Directors at the Remuneration/Compensation Committee Meeting held during the financial year is as under:

Name of the Director	No. of meetings attended
Mr. C. L. Jain	4
Dr. Lalit S. Kanodia	4
Mr. Niraj Bajaj	1
Mr. P. K. Mohapatra	2

6. Remuneration of Directors

(i) Non-Executive Directors

The Non-Executive Directors at present are only paid sitting fees for attending meetings of the Board and Committee(s) thereof. Each Non-Executive Director is paid a sitting fee of Rs.20,000/- per Board Meeting and Rs.10,000/- per Committee Meeting. Keeping in view industry practices, the Board unanimously decides the amount of sitting fees to be paid from time to time, based on the power conferred by the Articles of Association of the Company. The sitting fees presently fixed does not require prior approval of the shareholders.



Details of remuneration of the Directors during the financial year 2010-11 are as under:

Name of the Director	Sitting Fees (Rs.)
Mr. H. V. Goenka	80,000
Mr. C. L. Jain	1,60,000
Mr. Ajit Gulabchand	NIL
Mr. Niraj Bajaj	30,000
Dr. Lalit S. Kanodia	1,20,000
Mr. Mahesh S. Gupta	1,20,000
Mr. Manoj Maheshwari	80,000
Mr. P. K. Mohapatra	1,10,000
Mr. Dilip Sen	NIL
Mr. R. A. Shah	80,000

During the financial year ended March 31, 2011, the Non-Executive Directors' neither had any other pecuniary relationship nor entered into any other transaction *vis-à-vis* the Company. None of the Non-Executive Directors hold any equity shares in the Company.

(ii) **Executive Director**

Remuneration of Executive Directors is decided by the Board based on the recommendation of the Remuneration/ Compensation Committee within the ceiling fixed by the shareholders.

Mr. Arvind Vasudeva, the then Managing Director, resigned from the Company w.e.f. April 9, 2010. Mr. Ajit Singh Chouhan was appointed as Managing Director of the Company w.e.f. April 9, 2010.

The elements of remuneration paid to Mr. Arvind Vasudeva and Mr. Ajit Singh Chouhan, Managing Director during the financial year 2010-11 are as under:

(Rs. in lacs)

Name of the Director	Salary	Perquisites	Retiral Benefits
Mr. Arvind Vasudeva	11.70	-	0.08
Mr. Ajit Singh Chouhan	59.13	0.32	9.15

All components of the above remuneration are fixed in nature. The Managing Director is also entitled to performance incentive that will be considered for payment during the current year. The above remuneration does not include provision for future liability for retrial benefit made based on actuarial valuation, which is done on overall Company basis.

Mr. Ajit Singh Chouhan has been granted option for 40,000 equity shares as Managing Director under Employees Stock Option Plan.

The contract entered into by the Company with Mr. Ajit Singh Chouhan for his appointment as Managing Director is for three years from April 9, 2010. The earlier determination of this contract by the Company requires not less than three months' notice, in writing or by payment of three months' basic salary in lieu thereof, and by Mr. Chouhan requires three months' notice in writing in this behalf.



7. Shareholders'/Investors' Grievance Committee

The Shareholders'/Investors' Grievance Committee consists of three Directors, namely, Mr. Mahesh S. Gupta, Mr. P.K. Mohapatra and Mr. Ajit Singh Chouhan. Mr. Mahesh S. Gupta is the Chairman of the Shareholders'/Investors' Grievance Committee.

The functioning and terms of reference of the Committee are as prescribed and in due compliance with the listing agreement with the stock exchanges and include reviewing existing investor redressal system, redressing of shareholder complaints like delay in transfer of shares, non-receipt of declared dividend, etc. and suggesting improvements in investor relations.

During the financial year, four meetings of the Shareholders'/Investors' Grievance Committee were held on May 12, 2010, July 28, 2010, October 20, 2010 and January 17, 2011.

Attendance of Directors at the Shareholders'/Investors' Committee Meeting held during the financial year is as under:

Name of the Director	No. of meetings attended
Mr. Mahesh S. Gupta	4
Mr. P. K. Mohapatra	3
Mr. Ajit Singh Chouhan	4

Mr. Ankur Kumar, Head – Legal & Company Secretary is the Compliance Officer in terms of clause 47 of the listing agreement. The Company's shares are tradable only in demat form. As regards transfer of shares in physical form, the Board of Directors has delegated the power to the Company Secretary in order to expedite share transfers.

Statement of the various complaints received and resolved by the Company during the year ended March 31, 2011 are as under:

Sr. No.	Type of complaints	Number of Complaints		
		Received	Resolved	Pending
1	Non-receipt of share certificates	11	11	0
2	Non-receipt of dividend warrant	15	15	0
3	Non-receipt of rejected DRF	6	6	0
	Total:	32	32	0

8. General Body Meeting

The last three Annual General Meetings were held as under:

AGM for the period/year ended	Venue	Date	Time	Special Resolutions passed
1 st AGM, March 31, 2008	M. C. Ghia Hall Bhogilal Hargovindas Building 18/20, Kaikhushru Dubash Marg Kala Ghoda, Mumbai 400 001	August 27, 2008	3.45 p.m.	2*
2 nd AGM, March 31, 2009	Ravindra Natya Mandir P. L. Deshpande Maharashtra Kala Academy, Sayani Road Prabhadevi, Mumbai 400 025	August 26, 2009	11:30 a.m.	1**
3 rd AGM, March 31, 2010	Ravindra Natya Mandir P. L. Deshpande Maharashtra Kala Academy, Sayani Road Prabhadevi, Mumbai 400 025	July 29, 2010	11:30 a.m.	NIL



* The details of Special Resolutions passed at the 1st AGM are as under:

- 1) Resolution pursuant to Section 163 of the Companies Act, 1956 for keeping the register of members, index of members, etc. at the premises of the Registrar and Share Transfer Agent; and
- 2) Resolution pursuant to Section 81 of the Companies Act, 1956 relating to adoption of “2005 Employee Stock Option Plan” established by Brabourne Enterprises Limited.

** The detail of Special Resolution passed at the 2nd AGM is as under:

- 1) Resolution pursuant to Section 198, 269, 309, 310 and 311 read with Schedule XIII of the Companies Act, 1956 for increase in remuneration of Mr. Arvind Vasudeva, Managing Director.

During the financial year 2010-11, no Special Resolution was passed by postal ballot. There is no immediate proposal for passing any resolution by postal ballot this year.

9. Disclosures

- (i) The Company has not entered into any materially significant related party transaction that may have potential conflict with the interest of the Company at large. The Company has received disclosures from the Senior Management Personnel confirming that they have not entered into any financial or commercial transaction, which may have potential conflict with the interest of the Company.
- (ii) To the best of the Company's knowledge, there has neither been any incidence of non-compliance with laws governing capital market nor has any penalty or stricture been imposed on the Company by the stock exchanges, SEBI or any statutory authority on any matter related to capital market.
- (iii) The Board of Directors has laid down the Code of Conduct for Non-Executive Directors, Executive Director(s) and Senior Management Personnel, which they are bound to observe in the course of conduct of business of the Company. The Code of Conduct has also been posted on the website of the Company. Each Director and Senior Management Personnel including all functional heads, to which the code has been made applicable, have affirmed their compliance with the Code. A declaration by Mr. Ajit Singh Chouhan, Managing Director, to this effect forms part of this report.
- (iv) Managing Director and Chief Financial Officer of the Company have submitted the certificate as required under Clause 49V of the listing agreement, to the Board of Directors.
- (v) The Company is yet to adopt Whistle Blower Policy.
- (vi) The Company is in compliance with all the mandatory requirements of revised Clause 49 of the listing agreement. The status on adoption of non-mandatory requirement is set out in this report.

10. Means of Communication

The quarterly, half-yearly and annual results are published in 'Business Standard', 'The Free Press Journal' and 'Nav Shakti' newspapers. The financial results and official news releases are also available on the Company's website www.rpglifesciences.com


11. General Shareholder Information

(i)	AGM: Date, time and venue	4 th Annual General Meeting on Thursday, July 28, 2011 at 3.30 p.m. at Ravindra Natya Mandir, P. L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai 400 025.
(ii)	Financial Year	The next financial year of the Company is from April 1, 2011 to March 31, 2012.
(iii)	Date of Book Closure	Monday, July 18, 2011 to Thursday, July 28, 2011 (both days inclusive).
(iv)	Dividend Payment Date	The dividend recommended by the Board, if declared at the ensuing Annual General Meeting will be paid within 30 days from the date of declaration.
(v)	Listing on Stock Exchanges	The equity shares of the Company are listed on the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). The listing fees have been paid to both the Stock Exchanges for the financial year 2011-12.
(vi)	Stock Code	532983 on BSE RPGLIFE on NSE
(vii)	ISIN Code	INE105J01010

(viii) Market Price Data

Month	BSE		NSE		SENSEX	
	High	Low	High	Low	High	Low
April 2010	82.00	72.00	82.00	71.00	18,047.86	17,276.80
May	75.75	63.80	76.00	61.00	17,536.86	15,960.15
June	105.80	66.10	105.35	65.50	17,919.62	16,318.39
July	107.95	89.30	108.00	86.30	18,237.56	17,395.58
August	114.00	92.10	114.00	94.00	18,475.27	17,819.99
September	109.80	93.10	106.50	95.00	20,267.98	18,027.12
October	118.90	95.85	119.70	95.00	20,854.55	19,768.96
November	122.00	88.05	116.85	88.00	21,108.64	18,954.82
December	98.00	62.20	99.90	60.55	20,552.03	19,074.57
January 2011	90.90	74.10	96.15	73.65	20,664.80	18,038.48
February	82.30	66.20	87.00	66.30	18,690.97	17,295.62
March	82.30	72.00	82.00	71.25	19,575.16	17,792.17

(ix) Registrar and Transfer Agents

Link Intime India Private Limited C-13, Pannalal Silk Mills Compound L.B.S. Marg, Bhandup (West) Mumbai 400 078 Tel No. (022) 2594 6970 Fax No. (022) 2594 6969 E-mail: rnt.helpdesk@linkintime.co.in Contact Person: Ms. Udaya Rao	Liason Office: 203, Davar House 197/199, D N Road Mumbai 400 001 Tel No. (022) 2269 4127
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Grievance Redressal

The investors may register their grievance on investorservices@rppls.com, an exclusive E-mail ID for registration of complaints by the investors.

(x) Share Transfer System

In order to expedite the process of share transfer, the Board of Directors has delegated the power of transfer of shares to the Company Secretary who considers and approves transfers every fifteen days.

(xi) Distribution of Shareholding

The distribution of shareholding as on March 31, 2011 was as under:

Nominal Value of Shareholding	No. of Shareholders	% of Shareholders	Share Amount	% of Share Amount
Upto 5000	15,481	92.94	1,75,67,368	13.28
5001 to 10000	596	3.58	43,74,776	3.31
10001 to 20000	293	1.76	43,44,952	3.28
20001 to 30000	74	0.44	18,26,088	1.38
30001 to 40000	56	0.33	19,62,768	1.48
40001 to 50000	28	0.17	12,82,464	0.97
50001 to 100000	58	0.35	40,92,816	3.10
100001 and above	71	0.43	9,68,30,696	73.20
Total:	16,657	100.00	13,22,81,928	100.00

• Shareholding Pattern as on March 31, 2011

Category	No. of Shares	%
Promoters	84,68,950	51.22
Insurance Companies	4,97,663	3.01
Foreign Institutional Investors	5,650	0.03
Mutual Funds/ Banks	4,692	0.03
Non Resident Indians	98,569	0.60
Public	74,59,717	45.11
Total:	1,65,35,241	100.00

(xii) Dematerialisation of Shares and Liquidity

Category	No. of Shares	% of shares	No. of Shareholders	% of Shareholders
Electronic Form	1,59,28,807	96.33	12,098	72.63
Physical Form	6,06,434	3.67	4,559	27.37
Total:	1,65,35,241	100.00	16,657	100.00



(xiii) Outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments, conversion date and likely impact on equity

The Company has not issued GDRs/ADRs. As of March 31, 2011, the Company does not have any outstanding convertible instruments, which are likely to have an impact on the equity of the Company except Stock Options granted under the ESOP Scheme, details of which have been disclosed in the Directors' Report.

(xiv) Plant Locations

Bulk Drugs (Biotech)	Bulk Drugs (Synthetic)	Pharma Formulations
Plot No.2702/A GIDC Industrial Estate Ankleshwar 393 002 Dist. Bharuch (Gujarat)	25, M.I.D.C. Land Thane-Belapur Road Navi Mumbai 400 705 Maharashtra	Plot No.3102/A GIDC Industrial Estate Ankleshwar 393 002 Dist. Bharuch (Gujarat)

(xv) Address for Correspondence

Mr. Ankur Kumar
Head – Legal & Company Secretary
25, M.I.D.C. Land
Thane – Belapur Road
Navi Mumbai 400 705
Tel No. (022) 6795 5400 / 6795 5555
Fax No. (022) 2763 3269
Email: investorservices@rppls.com

(xvi) Non - Mandatory Requirements

The Board

The Chairman has not sought any reimbursement of expenses incurred for maintenance of his office or performance of his duties. The tenure of all Independent Directors on the Board is less than nine years. The Board ensures before appointment of Independent Directors that they have the requisite qualifications and experience that would be of use to the Company and would enable them to contribute effectively to the Company in their capacity as Independent Directors.

Shareholders' Rights

The quarterly, half-yearly and annual financial results are published in the newspapers and also displayed on Company's website. In view of this, the Company does not send the financial results to the shareholders separately.

Training and Evaluation

The training of Board members and evaluation of performance of Non-Executive Directors as envisaged under Clause 49 of the listing agreement will be considered as and when such need arises.

Whistle Blower Policy

The Company has not yet adopted whistle blower policy mechanism. This would be evaluated and adopted on need basis.



Declaration

I hereby declare that all the Directors and Senior Management Personnel including all functional heads of the Company have affirmed compliance with the Code of Conduct, as applicable to them, for the year ended March 31, 2011.

Place: Mumbai
Date: April 28, 2011

Ajit Singh Chouhan
Managing Director

Certificate on compliance with the conditions of Corporate Governance under Clause 49 of the listing agreement

To the Members of
RPG Life Sciences Limited

We have examined the compliance of conditions of Corporate Governance by RPG Life Sciences Limited for the year ended March 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of conditions of Corporate Governance as stipulated in the said clause. 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

Place : Mumbai
Date : April 28, 2011

Pratik M. Shah
Company Secretaries
Membership No.: ACS 20233
C.P. No.: 7401

**AUDITORS' REPORT TO THE MEMBERS OF RPG LIFE SCIENCES LIMITED**

1. We have audited the attached Balance Sheet of RPG Life Sciences Limited (the 'company'), as at 31st March, 2011, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. 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.
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 about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence 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.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) 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;
 - (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account 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 Act;
 - (e) On the basis of written representations received from the directors, as on 31st March, 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2011;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Lovelock & Lewes
Firm Registration No. 301056E
Chartered Accountants

Himanshu Goradia
Partner

Mumbai, 28th April, 2011

Membership No. 45668



ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of RPG Life Sciences Limited on the financial statements for the year ended 31st March, 2011]

1. (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
(b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the company during the year.
2. (a) The inventory (excluding stocks with third parties) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
(b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
(c) On the basis of our examination of the inventory records, in our opinion, the company is maintaining proper records of inventory. In our opinion, the discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. (a) The company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clauses (iii)(b) to (iii)(d) of paragraph 4 of the Order are not applicable to the company for the current year.
(b) The company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clauses (iii)(f) and (iii)(g) of paragraph 4 of the Order are not applicable to the company for the current year.
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 for the sale of goods. Further, on the basis of our examination of the books and records of the company and according to the information and explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. In our opinion and according to the information and explanations given to us, there are no contracts or arrangements referred to in Section 301 of the Act during the year that need to be entered in the register maintained under that Section. Accordingly, clause (v)(b) of paragraph 4 of the Order is not applicable to the company for the current year.
6. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Sections 58A, 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the company in respect of the aforesaid deposits.
7. In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account maintained by the company in respect of the products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We



have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

9. (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and

other material statutory dues as applicable with the appropriate authorities in India.

- (b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of income-tax, wealth-tax, service tax, customs duty and cess which have not been deposited on account of any dispute. The particulars of dues of sales tax and excise duty as at 31st March, 2011 which have not been deposited on account of a dispute, are as follows –

Name of the statute	Nature of dues	Amount Rs.'000	Period to which the amount relates	Forum where the dispute is pending
Local Sales Tax Acts and Central Sales Tax Act	Classification Dispute	206	1994-1995	Deputy Commissioner (Appeals), Lucknow
	Sales/Purchase tax including interest and penalty as applicable	1,363	1997-1998	Deputy Commissioner of Sales Tax, Vadodara
		4,317	1998-1999	Sales Tax Tribunal
		4,582	1999-2000	Deputy Commissioner of Sales Tax, Vadodara
		1,336	2000-2001	Deputy Commissioner of Sales Tax (Appeals), Vadodara
The Central Excise Act, 1944	Excise duty including interest and penalty as applicable	1,027	1991-1992 and 1992-1993	Commissioner of Excise and Customs, Vadodara
		919	January 1992 and January 1993	Commissioner of Central Excise and Customs, Vadodara
		3,248	November 1995 to February 1996	Commissioner of Central Excise and Customs, Vadodara
		826	March 1994 to June 1996	Commissioner of Central Excise and Customs, Surat
		112	March 1994 to May 1996	Commissioner of Central Excise and Customs, Vadodara
		530	February 2006 to March 2009	Commissioner (Appeals) of Central Excise and Customs, Surat
		48	June 2009	Commissioner (Appeals) of Central Excise and Customs, Surat
		399	October 2006 to March 2009	Commissioner (Appeals) of Central Excise and Customs, Surat
		81	April 2009 to December 2009	Commissioner (Appeals) of Central Excise and Customs, Surat



10. As the company is registered for a period less than five years, clause (x) of paragraph 4 of the Order is not applicable to the company for the current year.
11. According to the records of the company examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to any financial institution or bank or debenture holders.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the company.
14. The company is not a dealer or trader in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
17. On the basis of an overall examination of the Balance Sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on short-term basis which have been used for long-term investment.
18. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The company has not issued any debentures.
20. The company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For Lovelock & Lewes
Firm Registration No. 301056E
Chartered Accountants

Himanshu Goradia
Partner

Mumbai, 28th April, 2011 Membership No. 45668


BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule	As at 31st March, 2011		As at 31st March, 2010	
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Sources of Funds					
Shareholders' Funds					
Capital	1	132,282		120,551	
Reserves and Surplus	2	616,029		515,243	
			748,311		635,794
Share Warrants [Refer Note 3 of Schedule 18]			—		8,520
Loan Funds					
Secured Loans	3	468,047		486,300	
Unsecured Loans	4	59,913		4,224	
			527,960		490,524
Deferred Taxation					
Deferred Tax Liabilities	5	74,997		64,037	
Less: Deferred Tax Assets		15,406		13,241	
			59,591		50,796
Total			1,335,862		1,185,634
Application of Funds					
Fixed Assets					
Gross Block	6	1,460,602		1,326,408	
Less: Depreciation/Amortisation		335,571		242,507	
Net Block		1,125,031		1,083,901	
Capital Work-in-Progress (including advances for capital expenditure)		3,805		28,160	
			1,128,836		1,112,061
Current Assets, Loans and Advances					
Inventories	7	263,144		149,042	
Sundry Debtors	8	389,357		312,387	
Cash and Bank Balances	9	4,772		8,006	
Loans and Advances	10	107,458		85,748	
		764,731		555,183	
Less: Current Liabilities and Provisions					
Liabilities	11	501,582		431,564	
Provisions	12	56,123		50,046	
		557,705		481,610	
Net Current Assets			207,026		73,573
Total			1,335,862		1,185,634

Notes to the Financial Statements 18

Schedules 1 to 12 and 18 referred to above form an integral part of the Balance Sheet.

In terms of our report of even date

 For Lovelock & Lewes
 Firm Registration No. 301056E
 Chartered Accountants

Himanshu Goradia
 Partner
 Membership No. 45668
 Mumbai, 28th April, 2011

Ankur Kumar
 Head - Legal & Company Secretary

For and on behalf of the Board

H. V. Goenka Chairman

C. L. Jain
Mahesh S. Gupta } Director

Ajit Singh Chouhan Managing Director

Mumbai, 28th April, 2011


PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule	Year ended 31st March, 2011		Year ended 31st March, 2010	
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Income					
Gross Sales		1,890,372		1,639,917	
Less: Excise Duty on Sales		48,474		41,443	
Net Sales		1,841,898		1,598,474	
Other Income	13	33,369		32,514	
			1,875,267		1,630,988
Expenditure					
Materials Cost	14	497,228		465,241	
Personnel Cost	15	402,375		300,461	
Other Expenses	16	647,964		546,558	
Interest	17	57,829		81,392	
Depreciation/Amortisation		95,208		91,822	
			1,700,604		1,485,474
Profit before Taxation			174,663		145,514
Provision for Taxation					
For the year					
Current Tax		38,700		26,300	
Deferred Tax		8,795		11,251	
		47,495		37,551	
For earlier year - Current Tax		44		—	
			47,539		37,551
Profit after Taxation			127,124		107,963
Balance brought forward from previous year			153,546		78,983
			280,670		186,946
Appropriations					
Transfer to General Reserve			9,534		8,097
Proposed Dividend			26,456		21,699
Tax on Proposed Dividend			4,292		3,604
Balance carried to Balance Sheet			240,388		153,546
			280,670		186,946
Earnings per Share - Rs. per Equity Share of Rs. 8 each [Refer Note 25 of Schedule 18]					
Basic			8.04		7.51
Diluted			7.69		6.54

Notes to the Financial Statements 18

Schedules 13 to 18 referred to above form an integral part of the Profit and Loss Account.

In terms of our report of even date

 For Lovelock & Lewes
Firm Registration No. 301056E
Chartered Accountants

Himanshu Goradia
Partner
Membership No. 45668
Mumbai, 28th April, 2011

Ankur Kumar
Head - Legal & Company Secretary

For and on behalf of the Board

H. V. Goenka Chairman

C. L. Jain
Mahesh S. Gupta } Director

Ajit Singh Chouhan Managing Director

Mumbai, 28th April, 2011


SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

	As at 31st March, 2011		As at 31st March, 2010	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Schedule 1				
Capital				
Authorised 18,750,000 Equity Shares of Rs. 8 each		150,000		150,000
Issued and Subscribed 16,535,241 (Previous year - 15,068,850) Equity Shares of Rs. 8 each fully paid-up		132,282		120,551
Of the above -				
(a) 14,368,850 shares were allotted as fully paid-up pursuant to a Scheme of Arrangement without payments being received in cash [Refer Note 1 of Schedule 18].				
(b) 2,138,000 (Previous year - 700,000) shares were issued on conversion of Share Warrants [Refer Note 3 of Schedule 18].				
(c) 28,391 (Previous year - Nil) shares were allotted under the Employee Stock Option Plan [Refer Note 4 of Schedule 18].				
Schedule 2				
Reserves and Surplus				
Capital Reserve		500		500
Share Premium				
Balance as per last Balance Sheet	321,039		310,049	
Add: Credited during the year on conversion of Share Warrants [Refer Note 3 of Schedule 18]	22,577		10,990	
Add: Credited during the year on issue of equity shares under the Employee Stock Option Plan [Refer Note 4 of Schedule 18]	683		—	
		344,299		321,039
Contingency Reserve				
Balance as per last Balance Sheet	25,780		25,780	
Less: Expenses in connection with the Scheme of Arrangement [Refer Note 1 of Schedule 18]	18,850		—	
		6,930		25,780
General Reserve				
Balance as per last Balance Sheet	14,378		6,281	
Add: Transfer from Profit and Loss Account	9,534		8,097	
		23,912		14,378
Profit and Loss Account		240,388		153,546
		616,029		515,243


SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

	As at 31st March, 2011		As at 31st March, 2010	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Schedule 3				
Secured Loans				
Working Capital Loans from Banks / Financial Institution [Secured by hypothecation of inventory and book debts and second charge on immovable assets at Thane / Ankleshwar Factory]		203,385		225,378
Term Loans from a Financial Institution [Secured by first charge on fixed assets (movable and immovable) at Ankleshwar Factory and second charge on entire current assets at Thane / Ankleshwar Factory]		252,500		200,000
Term Loan from Banks [Secured by hypothecation of specific assets purchased under loan]		169		580
Term Loan from a Bank [Secured by hypothecation of specific assets purchased under loan and second charge on immovable assets at Thane Factory]		—		42,494
Finance Lease Liabilities [Secured on the underlying assets]		11,993		17,848
		<u>468,047</u>		<u>486,300</u>
Schedule 4				
Unsecured Loans				
Fixed Deposits [Amount repayable within one year Rs. 675(000) (Previous year - Nil)]		<u>59,913</u>		<u>4,224</u>
Schedule 5				
Deferred Taxation				
Deferred Tax Liabilities				
Depreciation/Amortisation	69,858		60,782	
Others	<u>5,139</u>		<u>3,255</u>	
		74,997		64,037
Less: Deferred Tax Assets				
Provision for Doubtful Debts and Advances	2,401		2,601	
Statutory Liabilities	4,863		4,030	
Others	<u>8,142</u>		<u>6,610</u>	
		15,406		13,241
		<u>59,591</u>		<u>50,796</u>



SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

**Schedule 6
Fixed Assets**

Description	Gross Block (at cost)			Depreciation/Amortisation			Net Block	
	As at 1.4.2010	As at 31.3.2011	As at 1.4.2010	For the year	On deductions	As at 31.3.2011	As at 31.3.2011	As at 31.3.2010
Intangible Assets								
Goodwill	34,862	—	20,916	6,972	—	27,888	6,974	13,946
Technical Knowhow	288,473	—	46,480	15,680	—	62,160	226,313	241,993
Computer Software	12,915	1,058	7,714	2,706	—	10,420	3,553	5,201
Tangible Assets								
Leasehold Land	331,999	—	16,317	5,444	—	21,761	310,238	315,682
Buildings	230,956	33,094	22,182	8,818	—	31,000	233,050	208,774
Plant and Machinery - Owned	365,752	85,965	108,988	45,583	156	154,415	297,080	256,764
Plant and Machinery - Taken on Lease	26,483	—	4,145	2,738	—	6,883	19,600	22,338
Furniture, Fittings and Office Equipment	26,544	14,854	11,676	5,584	144	17,116	24,138	14,868
Vehicles - Owned	679	374	354	138	—	492	561	325
Vehicles - Taken on Lease	7,745	2,411	3,735	1,545	1,844	3,436	3,524	4,010
	<u>1,326,408</u>	<u>137,756</u>	<u>242,507</u>	<u>95,208</u>	<u>2,144</u>	<u>335,571</u>	<u>1,125,031</u>	<u>1,083,901</u>
Previous year	1,328,306	27,927	167,103	91,822	16,418	242,507	3,805	28,160
Capital Work-in-Progress (including advances for capital expenditure)							<u>1,128,836</u>	<u>1,112,061</u>

Notes:

- Intangible Assets are other than internally generated.
- Buildings include Rs. 250 being cost of shares in a co-operative housing society.
- Additions to Plant and Machinery - Owned and Office Equipment include Rs. 2,082(000) [Previous year Rs. 4,864(000)] and Rs. 158(000) [Previous year Rs. 189(000)] respectively pertaining to Research and Development activities.
- Plant and Machinery - Owned include assets held for disposal - Gross Block Rs. 7,589(000) [Previous year Rs. 7,589(000)] and Accumulated Depreciation Rs. 7,584(000) [Previous year Rs. 5,687(000)].
- Furniture, Fittings and Office Equipment include assets held for disposal - Gross Block Rs. 115(000) [Previous year Rs. 115(000)] and Accumulated Depreciation Rs. 115(000) [Previous year Rs. 86(000)].


SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

	As at 31st March, 2011		As at 31st March, 2010	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Schedule 7				
Inventories				
(At lower of cost and net realisable value)				
Stores and Spare Parts		2,922		2,554
Raw and Packing Materials		46,489		28,438
Work-in-Progress		62,308		36,437
Finished Goods		151,425		81,613
		<u>263,144</u>		<u>149,042</u>
Schedule 8				
Sundry Debtors				
Debts outstanding for a period exceeding six months				
Considered Good				
Secured		159		—
Unsecured		12,117		12,701
		<u>12,276</u>		<u>12,701</u>
Considered Doubtful		23,910		24,340
		<u>36,186</u>		<u>37,041</u>
Other Debts - Considered Good				
Secured		795		5,615
Unsecured		376,286		294,071
		<u>377,081</u>		<u>299,686</u>
		<u>413,267</u>		<u>336,727</u>
Less: Provision for Doubtful Debts		23,910		24,340
		<u>389,357</u>		<u>312,387</u>
Schedule 9				
Cash and Bank Balances				
Cash on Hand		216		253
Balances with Scheduled Banks on Current Accounts		4,556		7,753
		<u>4,772</u>		<u>8,006</u>
Schedule 10				
Loans and Advances				
(Unsecured, Considered Good unless otherwise stated)				
Advances recoverable in cash or in kind or for value to be received				
Considered Good		79,116		53,991
Considered Doubtful		806		806
		<u>79,922</u>		<u>54,797</u>
Less: Provision for Doubtful Advances		806		806
		<u>79,116</u>		<u>53,991</u>
Deposits				
Considered Good		13,420		13,812
Considered Doubtful		2,160		2,160
		<u>15,580</u>		<u>15,972</u>
Less: Provision for Doubtful Deposits		2,160		2,160
		<u>13,420</u>		<u>13,812</u>
Minimum Alternate Tax Credit Entitlement		14,872		17,895
Fringe Benefits Tax [Net of Provision of Rs. 10,850(000) - Previous year Rs. 10,850(000)]		50		50
		<u>107,458</u>		<u>85,748</u>


SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

	As at 31st March, 2011		As at 31st March, 2010	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Schedule 11				
Liabilities				
Acceptances		—		6,227
Sundry Creditors				
Micro and Small Enterprises [Refer Note 7 of Schedule 18]	—		—	
Others	444,787		375,011	
		444,787		375,011
Book Overdraft		1,445		—
Deposits/Advances from Customers		35,209		31,992
Unclaimed Dividend*		3,238		2,915
Unclaimed Matured Debentures*		—		36
Unclaimed Matured Fixed Deposits*		198		351
Unclaimed Interest on Fixed Deposits*		891		436
Other Liabilities		14,158		11,319
Interest accrued but not due on Loans		1,656		3,277
		501,582		431,564

*As at the year end, amount outstanding which is due to be credited to the Investor Education and Protection Fund is - Nil [Previous year Rs. 36(000)].

Schedule 12
Provisions

Provision for Current Taxation				
[Net of Payments of Rs. 56,518(000) - Previous year Rs. 19,561(000)]		4,472		5,708
Proposed Dividend		26,456		21,699
Tax on Proposed Dividend		4,292		3,604
Provision for Employee Benefits		20,903		19,035
		56,123		50,046


SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Year ended 31st March, 2011		Year ended 31st March, 2010	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Schedule 13				
Other Income				
Interest				
on Deposits with a Bank (Gross)				
[Tax Deducted at Source Rs. 8(000) - Previous year Rs. 14(000)]	91		256	
on Others (Gross) [Tax Deducted at Source Rs. 10(000) - Previous year Rs. 32(000)]	152		165	
		243		421
Export Incentives		18,805		22,143
Sales tax Refunds		3,821		343
Insurance Claim		3,093		—
Exchange Gain (Net)		—		1,514
Profit on Sale/Disposal of Fixed Assets (Net)		512		2,892
Provision for Doubtful Debts written back (Net)		430		—
Liabilities no longer required written back		2,138		1,974
Sale of Scrap [Net of Excise Duty Rs. 11(000) - Previous year Rs. 9(000)]		1,834		1,093
Miscellaneous Income		2,493		2,134
		<u>33,369</u>		<u>32,514</u>
Schedule 14				
Materials Cost				
Consumption of Raw and Packing Materials		449,967		409,606
Purchases of Finished Goods		142,944		69,891
(Increase)/Decrease in Stocks				
Opening Stock				
Work-in-Progress	36,437		36,416	
Finished Goods	81,613		67,378	
	<u>118,050</u>		<u>103,794</u>	
Closing Stock				
Work-in-Progress	62,308		36,437	
Finished Goods	151,425		81,613	
	<u>213,733</u>		<u>118,050</u>	
		(95,683)		(14,256)
		<u>497,228</u>		<u>465,241</u>


SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Year ended 31st March, 2011		Year ended 31st March, 2010	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Schedule 15				
Personnel Cost				
Salaries, Wages and Bonus		338,345		247,226
Contribution to Provident and Other Funds		15,241		15,510
Staff Welfare Expenses		48,789		37,725
		<u>402,375</u>		<u>300,461</u>
Schedule 16				
Other Expenses				
Consumption of Stores and Spare Parts		55,306		50,902
Power and Fuel		66,119		57,161
Rent		10,626		9,493
Repairs and Maintenance				
Buildings	20,126		16,581	
Plant and Machinery	11,189		11,187	
Others	6,893		4,347	
		<u>38,208</u>		<u>32,115</u>
Insurance		12,307		12,416
Rates and Taxes				
Excise Duty	8,472		12,946	
Others	26,075		12,890	
		<u>34,547</u>		<u>25,836</u>
Processing Charges		19,314		15,971
Legal and Professional Charges		19,190		22,330
Travelling and Conveyance		91,609		69,570
License Fees		10,584		17,197
Directors' Fees		780		940
Printing and Stationery		7,236		5,234
Postage, Telephone, Telex and Telegram		18,411		14,020
Freight and Distribution		36,821		27,046
Commission on Sales		32,994		39,928
Advertisement		785		313
Sales Promotion		42,976		26,160
Royalty		5,195		7,242
Bad Debts and Advances written off	—		4,124	
Less: Provision	—		3,790	
		<u>—</u>		<u>334</u>
Provision for Doubtful Debts and Advances (Net)		—		6,033
Spoilages		17,319		15,990
Fixed Assets written off		—		1,401
Exchange Loss (Net)		4,242		—
Miscellaneous Expenses [Refer Note 15 of Schedule 18]		123,395		88,926
		<u>647,964</u>		<u>546,558</u>
Schedule 17				
Interest				
On Fixed Loans		57,829		81,036
Others		—		356
		<u>57,829</u>		<u>81,392</u>



SCHEDULE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2011

Schedule 18

Notes to the Financial Statements

1. Background

RPG Life Sciences Limited (the 'company') was incorporated on 29th March, 2007 as RPG Pharmaceuticals Limited. The name of the company was subsequently changed to RPG Life Sciences Limited on 13th February, 2008.

Pursuant to a Scheme of Arrangement, the company has acquired the pharmaceuticals business of Brabourne Enterprises Limited (formerly RPG Life Sciences Limited) with retrospective effect from the appointed date of 2nd April, 2007.

2. Significant Accounting Policies

The financial statements are prepared to comply in all material aspects with the applicable accounting principles in India, the accounting standards notified under sub-section (3C) of Section 211 of the Companies Act, 1956 (the 'Act') and the other relevant provisions of the Act. The significant accounting policies are as follows -

(a) Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention.

(b) Fixed Assets

Fixed assets are stated at cost less accumulated depreciation/amortisation and impairment loss. Cost comprises of purchase/acquisition price, taxes (net of CENVAT availed), borrowing cost and any directly attributable cost for bringing the asset to its working condition for its intended use.

Depreciation is provided on Straight Line Method, pro-rata to the period of use, at the rates specified in Schedule XIV of the Act or the rates based on useful lives of the assets as estimated by the management, whichever are higher. The estimated useful lives of the assets are as under:

<u>Description</u>	<u>Estimated Useful Life</u>
Goodwill	5 years
Technical Knowhow	5 and 20 years
Computer Software	5 years
Buildings	25 years
Plant and Machinery	4 to 8 years
Furniture and Fittings	4 to 5 years
Office Equipment	4 to 8 years
Vehicles	5 years
Computers	2 years

Leasehold Land is amortised on Straight Line Method, pro-rata to the period of use, over the remaining lease terms.

Assets costing Rs. 5,000 or less are fully depreciated in the year of acquisition.

Impairment loss is provided to the extent the carrying amount of assets exceed their recoverable amount. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

(c) Investments

Long-term Investments are stated at cost. Provision is made to recognise a decline, other than temporary, in the value of Long-term Investments. Current Investments are stated at lower of cost and fair value.



(d) Inventories

Inventories are valued at lower of cost and net realisable value. Raw and Packing Material cost is determined on weighted average basis. Cost of work-in-progress and finished goods includes labour and manufacturing overheads, where applicable.

(e) Foreign Currency Transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Gains and losses arising out of subsequent fluctuations are accounted for on actual payment or realisation. Monetary items denominated in foreign currency as at the Balance Sheet date are converted at the exchange rates prevailing on that date. Exchange differences are recognised in the Profit and Loss Account.

(f) Forward Contracts

Premium or discount arising at the inception of forward contract is amortised as expense or income over the life of the contract. Exchange difference on forward contract is recognised in the Profit and Loss Account in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward contract is recognised as income or expense in the Profit and Loss Account.

(g) Revenue Recognition

Sales are recognised when goods are supplied to customers and are inclusive of excise duty but net of returns, discounts and sales tax.

(h) Employee Benefits

(i) Long-term Employee Benefits

(a) Defined Contribution Plans

The company has Defined Contribution Plans for post employment benefits in the form of Superannuation Fund, Provident Fund, Employees' Pension Scheme and Employees State Insurance Scheme which are administered through Government of India and/or trustees. Superannuation Fund, Provident Fund, Employees' Pension Scheme and Employees' State Insurance Scheme are classified as Defined Contribution Plans as the company has no further obligation beyond making the contributions. The company's contributions to Defined Contribution Plans are charged to the Profit and Loss Account as incurred.

(b) Defined Benefit Plan

The company has Defined Benefit Plan for post employment benefits in the form of Gratuity. Gratuity scheme of the company is administered through trustees. Liability for Defined Benefit Plan is provided on the basis of valuation, as at the Balance Sheet date, carried out by independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the Projected Unit Credit method.

(c) Other Long-term Employee Benefits

The employees of the company are entitled to other long-term benefits in the form of Leave Encashment and Compensated Absences as per the policy of the company. Liability for such benefits is provided on the basis of valuations, as at the Balance Sheet date, carried out by independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the Projected Unit Credit method.

(ii) Termination benefits are recognised as an expense as and when incurred.

(iii) Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Profit and Loss Account as income or expense.

(i) Expenditure on Research and Development

Revenue expenditure is recognised as expense in the year in which it is incurred and the expenditure on capital assets is depreciated over the useful lives of the assets.



(j) Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognised as expense in the year in which they are incurred.

(k) Taxes on Income

Current tax is determined as the amount of tax payable in respect of estimated taxable income for the year.

Deferred tax is recognised, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are not recognised on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

3. During the year 2008-2009, the company had raised amounts aggregating to Rs. 12,668(000) by way of allotment of 2,138,000 share warrants on preferential basis with an option to apply for one equity share of the face value of Rs. 8 each for cash at a premium of Rs. 15.70 per share against each share warrant held, to be exercised within a period not exceeding eighteen months from the date of allotment in respect of the aforesaid share warrants. In accordance with the terms of issue of the share warrants, the company had received Rs. 12,668(000) being 25% of the price of warrants.

Of the above warrants allotted, 700,000 warrants were converted during the previous year in to equity shares of Rs. 8 each fully paid-up at a premium of Rs. 15.70 each. In accordance with the terms of conversion, the company had received Rs. 12,442(000) during the previous year.

During the year, the balance 1,438,000 warrants have been converted in to equity shares of Rs. 8 each fully paid-up at a premium of Rs. 15.70 each. In accordance with the terms of conversion, the company has received Rs. 25,561(000) during the year.

The above amounts received aggregating to Rs. 50,671(000) have been utilised towards repayment of term loan of Rs. 7,670(000), payment of interest on term loan of Rs. 1,064(000) and repayment of working capital loan of Rs. 41,937(000).

4. Pursuant to a special resolution passed by the Shareholders at the Annual General Meeting held on 27th August, 2008, the company adopted the Employee Stock Option Scheme titled '2005 Employee Stock Option Plan' (ESOP 2005) for employees and directors of the company including those employees and directors who were to be granted options, pursuant to the Scheme of Arrangement sanctioned by the Hon'ble High Court of Judicature at Bombay on 14th December, 2007, in lieu of options that were granted by Brabourne Enterprises Limited (the transferor company) under its ESOP 2005. The total number of equity shares reserved under the said plan is 250,000 equity shares of Rs. 8 each.

The Remuneration/Compensation Committee at its meeting held on 6th August, 2010 -

- (a) Granted and vested 30,119 equity stock options to employees, in lieu of options that were granted to them by Brabourne Enterprises Limited. The employee had an option to apply for one equity share of Rs. 8 each at an exercise price of Rs. 32.06.

Of these options, 28,391 equity stock options have been exercised and 1,728 options remain outstanding as on 31st March, 2011.

- (b) Granted 95,000 equity stock options to the eligible director and employees of the company, with an option for one equity share of Rs. 8 each at an exercise price of Rs. 100 being the price higher than the closing price quoted on the National Stock Exchange prior to the date of meeting of the Remuneration/Compensation Committee. These equity stock options shall vest, in case of employees of General Manager grade and above, equally but conditionally on linear scale based on performance, over five years beginning from one year after the date of grant. Barring certain eventualities, the exercise period to subscribe to the equity shares would be 10 years from the dates of vesting except otherwise mentioned in ESOP 2005.

Of these options, 95,000 equity stock options remain outstanding as on 31st March, 2011.



Further, the Remuneration/Compensation Committee at its meeting held on 20th October, 2010 granted 15,000 equity stock options to an eligible employee with an option for one equity share of Rs. 8 each at an exercise price of Rs. 104 being the price higher than the closing price quoted on the National Stock Exchange prior to the date of meeting of the Remuneration/Compensation Committee.

Of these options, 15,000 equity stock options remain outstanding as on 31st March, 2011.

The company has used intrinsic value method to account for the cost of stock options to employees and a director of the company. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option. In view of the exercise price being higher than the closing market price on the day prior to the date of grant, the intrinsic value of the option is Nil. Consequently, the accounting value of the option (compensation cost) is also Nil.

Movement in the Options under ESOP 2005:

	Number of Options	Weighted Average Exercise Price
Outstanding at the beginning of the year	Nil	Not Applicable
Granted during the year	140,119	Rs. 85.82
Forfeited during the year	Nil	Not Applicable
Exercised during the year	28,391	Rs. 32.06
Expired/lapsed during the year	Nil	Not Applicable
Outstanding at the end of the year	111,728	Rs. 99.49
Exercisable at the end of the year	1,728	Rs. 32.06

The weighted average fair value of each stock option on the date of its grant is Rs. 44.54, which has been vetted by an independent valuer. This fair value has been calculated using Black-Scholes Option Pricing Model. The inputs used for this calculation are (i) Average Share Price: Rs. 100.48 on the date of grant (ii) Exercise Price: Rs. 100.55 (iii) Expected Volatility: 39.51% (iv) Option Life: 8 years (v) Expected Dividend Yield: 3.66%, and (vi) Average Risk Free Interest Rate: 7.96%. The daily volatility of the company's shares on the National Stock Exchange over a period of time prior to the date of grant, corresponding with the expected life of the options, has also been considered for determining the fair value.

Had compensation cost for the stock options granted under ESOP 2005 been determined based on the fair value method, the company's Profit after Taxation and Earnings per Share would have been as per the pro forma amounts indicated below:

	Year ended 31st March, 2011
	Rs. '000
Profit after Taxation (as reported)	127,124
Add: Stock-based employee compensation expense included in net income	—
Less: Stock based compensation expense determined under fair value method	1,393
Net Profit after Taxation (under fair value method)	125,731
Weighted average number of equity shares (Basic)	15,805,505
Weighted average number of equity shares (Diluted)	16,523,590
Pro-forma Earnings per Share (Basic) (Rs.)	7.95
Pro-forma Earnings per Share (Diluted) (Rs.)	7.61



5. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 6,195(000) [Previous year Rs. 28,046(000)].

	As at 31st March, 2011	As at 31st March, 2010
	Rs. '000	Rs. '000
6. Contingent Liabilities		
(a) Claims against the company not acknowledged as debts		
(i) Sales tax matters	11,804	11,804
(ii) Excise matters	7,190	6,165
(iii) Water Charges	—	789
(b) Guarantee given to Gujarat Industrial Development Corporation	1,546	1,546
(c) Bank guarantees given to third parties	4,601	7,989

Notes:

- (i) Future cash outflows in respect of (a)(i) and (ii) above are determinable only on receipt of judgments/decisions pending with various authorities/forums and/or final outcome of the matters.
- (ii) The management is of opinion that there will be no impact on future cash outflow of the company in respect of (b) and (c) above.
7. There are no delayed payments to Micro and Small Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 during the year. Further, there are no dues to such parties which are outstanding as at the Balance Sheet date. This information has been determined on the basis of information available with the company. This has been relied upon by the auditors.

	Unit	Year ended 31st March, 2011		Year ended 31st March, 2010	
		Quantity	Rs. '000	Quantity	Rs. '000
8. Consumption of Raw and Packing Materials					
Furazodoline I. P.	Tonnes	28.88	15,397	28.00	16,596
Naproxen I. P.	Tonnes	29.36	46,257	28.75	51,948
4 - Androstene - 3, 17-Dione (AD)	Tonnes	5.12	36,066	5.55	50,696
Ortho Chloro Benzyl Amine	Tonnes	—	—	0.52	128
Thiophene - 2 - Ethanol	Tonnes	—	—	1.20	1,086
Others			352,247		289,152
			<u>449,967</u>		<u>409,606</u>
			Year ended 31st March, 2011		Year ended 31st March, 2010
			%		%
Imported		22.66	Rs. '000 101,942	24.76	Rs. '000 101,431
Indigenous		77.34	348,025	75.24	308,175
		<u>100.00</u>	<u>449,967</u>	<u>100.00</u>	<u>409,606</u>

Notes:

- (a) Consumption of Raw Materials includes consumption by third parties under contract with the company and consumption in respect of physician samples.
- (b) Components and spare parts referred to in paragraph 4D(c) of Part II of Schedule VI of the Act are assumed to be those forming part of the finished goods produced and not those used for maintenance of plant and machinery.



	Year ended 31st March, 2011			Year ended 31st March, 2010		
	Licensed Capacity	Installed Capacity	Production	Licensed Capacity	Installed Capacity	Production
	Quantity	Quantity	Quantity	Quantity	Quantity	Quantity
9. Capacities and Production						
Pharmaceutical Preparations						
Tablets (Million Nos.)	1,420	2,750	2,241	1,420	2,750	2,146
Liquids (Kilolitres)	1,287	6,000	592	1,287	6,000	502
Injections - Ampoules (Thousands)	1,050	—	2,309	1,050	—	1,833
Capsules (Million Nos.)	86	312	17	86	312	7
Powder Pouches (Thousands)	10,000	12,000	233	10,000	12,000	7
Ointments (Thousands)	100	—	20	100	—	—
(Kilolitres)	30	—	—	30	—	—
Bulk Drugs and Chemicals (Tonnes)	231	71	27	231	71	24
Consumer Products						
Tablets (Million Nos.)	120	120	@	120	120	—
Powder Pouches (Thousands)	8,000	8,000	—	8,000	8,000	—

@0.13 Million Nos.

Notes:

- (i) Production includes manufacture of pharmaceutical preparations by other parties and of chemicals for sale but excludes manufacture of pharmaceutical preparations for other parties. Production of pharmaceutical preparations includes production of physician samples.
- (ii) The installed capacities are as per the certificate given by the management of the company on which the auditors have relied.
- (iii) The licensed capacity in respect of certain items has been converted into dosage / units to make it comparable with installed capacity, production and stocks.

	Unit	Year ended 31st March, 2011		Year ended 31st March, 2010	
		Quantity	Rs. '000	Quantity	Rs. '000
10. Opening Stock					
Pharmaceutical Preparations					
Tablets	Million Nos.	66	33,107	90	25,590
Liquids	Kilolitres	60	7,245	48	6,182
Injections - Ampoules	Thousands	291	3,098	307	641
Capsules	Million Nos.	2	6,578	1	5,813
Powder Pouches	Thousands	296	709	185	140
Ointments	Thousands	24	247	90	872
			50,984		39,238
Bulk Drugs and Chemicals	Tonnes	3	30,629	2	28,140
			81,613		67,378



	Unit	Year ended 31st March, 2011		Year ended 31st March, 2010	
		Quantity	Rs. '000	Quantity	Rs. '000
11. Sales*					
Pharmaceutical Preparations					
Tablets	Million Nos.	2,119	1,124,948	2,109	1,016,399
Liquids	Kilolitres	535	100,974	441	87,640
Injections - Ampoules	Thousands	2,120	60,590	1,856	14,894
Capsules	Million Nos.	21	71,026	11	60,312
Powder Pouches	Thousands	2,568	17,629	2,174	10,075
Ointments	Thousands	166	6,074	187	6,402
			1,381,241		1,195,722
Bulk Drugs and Chemicals	Tonnes	14	509,090	12	444,052
Consumer Products					
Tablets	Million Nos.	#	41	#	143
			1,890,372		1,639,917

*Sales quantity in respect of Bulk Drugs and Chemicals excludes quantities used for captive consumption.

#0.11 Million Nos. (Previous year - 0.47 Million Nos.)

12. Purchases of Finished Goods
Pharmaceutical Preparations

Tablets	Million Nos.	49	62,362	28	33,123
Liquids	Kilolitres	36	10,566	46	10,703
Injections - Ampoules	Thousands	415	49,594	137	6,520
Capsules	Million Nos.	7	9,314	6	12,094
Powder Pouches	Thousands	3,227	9,039	2,769	5,937
Ointments	Thousands	191	2,069	140	1,514
			142,944		69,891

13. Closing Stock*
Pharmaceutical Preparations

Tablets	Million Nos.	159	71,427	66	33,107
Liquids	Kilolitres	45	6,680	60	7,245
Injections - Ampoules	Thousands	719	16,639	291	3,098
Capsules	Million Nos.	4	11,111	2	6,578
Powder Pouches	Thousands	514	2,215	296	709
Ointments	Thousands	52	728	24	247
			108,800		50,984
Bulk Drugs and Chemicals	Tonnes	3	42,625	3	30,629
			151,425		81,613

*Net of date expired stocks, free goods, damages, in-transit breakages, samples, etc.



	Year ended 31st March, 2011	Year ended 31st March, 2010
14. Managerial Remuneration@		
Salary and Allowances	7,083	6,473
Contribution to Provident and Other Funds	923	297
Perquisites	32	73
	<u>8,038</u>	<u>6,843</u>
<p>@Excludes provision for gratuity, leave encashment and compensated absences as these are determined on an overall basis.</p>		
15. Auditors' Remuneration#		
Audit Fees	1,500	1,500
Tax Audit Fees	500	500
Other Services	1,115	1,025
Reimbursement of Expenses	31	38
	<u>3,146</u>	<u>3,063</u>
<p>#Included in Miscellaneous Expenses in Schedule 16.</p>		
16. CIF Value of Imports		
Raw Materials	108,655	83,293
Components and Spare Parts	2,299	1,120
Capital Goods	12,699	6,988
17. Expenditure in Foreign Currency		
Salaries	2,042	—
Travelling	6,728	8,137
Subscription	161	55
Consultancy Fees	1,450	1,857
Royalty	4,034	5,623
Commission	17,263	18,649
Interest	6,004	793
Others	555	1,596
18. Earnings in Foreign Exchange		
FOB Value of Exports	556,827	444,357
Freight and Insurance	10,611	7,297
19. Expenditure on Research and Development		
Salaries and Wages	18,887	19,398
Consumable Stores	6,665	11,395
Utilities	4,299	3,477
Others	13,118	9,837
	<u>42,969</u>	<u>44,107</u>



20. The company uses forward contracts to hedge its risks of net exposure associated with foreign currency fluctuations. The company does not enter into any forward contract which is intended for trading or speculative purposes.

(a) The details of forward contracts outstanding as at the Balance Sheet date are as follows:

Currency	As at 31st March, 2011			As at 31st March, 2010		
	Number of Contracts	Sale Amount	Rupees Equivalent	Number of Contracts	Sale Amount	Rupees Equivalent
		in '000	in '000		in '000	in '000
US Dollar	16	(83)	(3,684)	6	(54)	(2,458)
GBP	3	450	32,368	1	100	6,803
Euro	4	200	12,648	—	90	5,446

(b) The foreign currency outstanding balances that have not been hedged by any derivative instrument or otherwise as at the Balance Sheet date are as follows:

Particulars	As at 31st March, 2011		As at 31st March, 2010	
	Amount in Foreign Currency	Amount in Rupees	Amount in Foreign Currency	Amount in Rupees
	in '000	in '000	in '000	in '000
Receivables				
US Dollar	164	7,323	214	9,663
GBP	107	7,712	18	1,196
Euro	49	3,110	34	2,054
Payables				
US Dollar	429	19,170	16	733
GBP	24	1,709	—	—
Euro	42	2,648	—	—
Japanese Yen	10	5	—	—

21. Employee Benefits

The company has classified various employee benefits as under:

(A) Defined Contribution Plans

The company has recognised the following amounts in the Profit and Loss Account for the year:

	Year ended 31st March, 2011	Year ended 31st March, 2010
	Rs. '000	Rs. '000
(i) Contribution to Provident Fund	8,020	5,836
(ii) Contribution to Employee's Superannuation Fund	1,799	1,450
(iii) Contribution to Employees' State Insurance Scheme	3,086	1,521
(iv) Contribution to Employees' Pension Scheme	5,422	4,664


(B) Defined Benefit Plan

Valuation in respect of Gratuity has been carried out by independent actuary, as at the Balance Sheet date, based on the following assumptions:

	Year ended 31st March, 2011	Year ended 31st March, 2010
(a) Discount Rate (per annum)	8.25%	8.00%
(b) Rate of increase in Compensation Levels	5.50%	5.50%
(c) Rate of Return on Plan Assets	8.00%	8.00%
(d) Expected Average remaining working lives of employees in number of years	19	19

	Year ended 31st March, 2011	Year ended 31st March, 2010
	Gratuity Rs. '000	Gratuity Rs. '000
(i) Changes in the Present Value of Obligation		
(a) Opening Present Value of Obligation	33,709	33,787
(b) Interest Cost	2,693	2,592
(c) Past Service Cost	—	—
(d) Current Service Cost	2,711	2,662
(e) Curtailment Cost/(Credit)	—	—
(f) Settlement Cost/(Credit)	—	—
(g) Benefits Paid	(6,210)	(6,025)
(h) Actuarial (Gain)/Loss	(2,716)	693
(i) Closing Present Value of Obligation	30,187	33,709
(ii) Changes in the Fair Value of Plan Assets		
(a) Opening Fair Value of Plan Assets	33,709	33,787
(b) Expected Return on Plan Assets	2,693	2,747
(c) Actuarial Gain/(Loss)	78	(360)
(d) Employers' Contributions	(83)	3,560
(e) Benefits Paid	(6,210)	(6,025)
(f) Closing Fair Value of Plan Assets	30,187	33,709
(iii) Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at the year end		
(a) Bank Deposits (Special Deposit Scheme, 1975)	61%	54%
(b) Debt Instruments	34%	29%
(c) Others	5%	17%



	As at 31st March			
	2011	2010	2009	2008
	Gratuity	Gratuity	Gratuity	Gratuity
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
(iv) Amount recognised in the Balance Sheet				
(a) Present Value of Obligation as at the year end	30,187	33,709	33,787	32,028
(b) Fair Value of Plan Assets as at the year end	30,187	33,709	33,787	34,261
(c) (Asset)/Liability recognised in the Balance Sheet	—	—	—	(2,233)
	Year ended	Year ended		
	31st March, 2011	31st March, 2010		
	Gratuity	Gratuity		
	Rs. '000	Rs. '000		
(v) Expenses recognised in the Profit and Loss Account				
(a) Current Service Cost		2,711		2,662
(b) Past Service Cost		—		—
(c) Interest Cost		2,693		2,592
(d) Expected Return on Plan Assets		(2,693)		(2,747)
(e) Curtailment Cost/(Credit)		—		—
(f) Settlement Cost/(Credit)		—		—
(g) Net Actuarial (Gain)/Loss		(2,794)		1,053
(h) Employees' Contribution		—		—
(i) Total Expenses recognised in the Profit and Loss Account		(83)		3,560

(C) Other Long-term Employee Benefits

The liabilities for Leave Encashment and Compensated Absences as at the Balance Sheet date were Rs. 10,341(000) [Previous year Rs. 8,600(000)] and Rs. 8,737(000) [Previous year Rs. 8,553(000)] respectively.


24. Leases
(I) Disclosures for Finance Leases

The company has acquired certain Vehicles and Plant and Machinery under Finance Lease. The details of minimum lease payments outstanding as at the Balance Sheet date in respect of these assets are as under:

	As at 31st March, 2011			As at 31st March, 2010		
	Not later than one year	Later than one year and not later than five years	Later than five years	Not later than one year	Later than one year and not later than five years	Later than five years
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Minimum Lease Payments outstanding as at the year end	7,648	3,356	—	8,529	8,884	—
Finance Charges to be recognised in subsequent years	1,069	948	—	1,743	1,263	—
Present Value of Minimum Lease Payments	6,579	2,408	—	6,786	7,621	—

(II) Disclosures for Operating Leases

Disclosures in respect of Residential Premises, Office Equipment, Server and Laptops taken on lease

	Year ended	Year ended
	31st March, 2011	31st March, 2010
	Rs. '000	Rs. '000
(a) Lease payments recognised in the Profit and Loss Account	10,626	9,493
(b) Significant leasing arrangements		
The terms of lease include terms of renewals, increase in rent in future period, terms of cancellation, etc.		
(c) Future minimum lease payments under non cancellable agreements		
(i) Not later than one year	4,962	4,324
(ii) Later than one year and not later than five years	4,474	6,502
(iii) Later than five years	—	—



25. Basic earnings per share has been calculated by dividing profit for the year attributable to equity shareholders, by the weighted average number of equity shares outstanding during the year. Diluted earnings per share has been calculated by dividing profit for the year attributable to equity shareholders, by the weighted average number of equity shares outstanding during the year and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date. Dilutive potential equity shares that have been converted in to equity shares during the year are included in the calculation of diluted earnings per share from the beginning of the year to the date of conversion and from the date of conversion, the resulting equity shares are included in computing both basic and diluted earnings per share. Earnings per Share has been computed as under:

	Year ended 31st March, 2011	Year ended 31st March, 2010
Profit after Taxation (Rs.'000)	127,124	107,963
Weighted average number of Shares for Basic Earnings per Share	15,805,505	14,370,768
Add: Effect of Dilutive Potential Shares (Share Warrants)	713,090	2,136,082
Add: Effect of Dilutive Potential Shares (Employee Stock Options)	4,995	—
Weighted average number of Shares for Diluted Earnings per Share	16,523,590	16,506,850
Earnings per Share (Rs. per Equity Share of Rs. 8 each)		
Basic	8.04	7.51
Diluted	7.69	6.54

26. Previous year figures have been regrouped where necessary.

Signatures to Schedules 1 to 18

In terms of our report of even date

For Lovelock & Lewes
Firm Registration No. 301056E
Chartered Accountants

Himanshu Goradia
Partner
Membership No. 45668
Mumbai, 28th April, 2011

Ankur Kumar
Head - Legal & Company Secretary

For and on behalf of the Board

H. V. Goenka **Chairman**

C. L. Jain
Mahesh S. Gupta } **Director**

Ajit Singh Chouhan **Managing Director**

Mumbai, 28th April, 2011



Balance Sheet Abstract and Company's General Business Profile :

I. Registration Details

Registration No.

	1	6	9	3	5	4
--	---	---	---	---	---	---

 Balance Sheet Date

3	1	0	3	1	1
Date		Month		Year	

State Code

1	1
---	---

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue

						N	I	L
--	--	--	--	--	--	---	---	---

Rights Issue

						N	I	L
--	--	--	--	--	--	---	---	---

Bonus Issue

						N	I	L
--	--	--	--	--	--	---	---	---

Private Placement

				1	1	7	3	1
--	--	--	--	---	---	---	---	---

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities*

		1	3	3	5	8	6	2
--	--	---	---	---	---	---	---	---

Total Assets

		1	3	3	5	8	6	2
--	--	---	---	---	---	---	---	---

Sources of Funds

Paid - up Capital

			1	3	2	2	8	2
--	--	--	---	---	---	---	---	---

Reserves & Surplus

			6	1	6	0	2	9
--	--	--	---	---	---	---	---	---

Secured Loans

			4	6	8	0	4	7
--	--	--	---	---	---	---	---	---

Unsecured Loans

				5	9	9	1	3
--	--	--	--	---	---	---	---	---

Application of Funds

Net Fixed Assets

		1	1	2	8	8	3	6
--	--	---	---	---	---	---	---	---

Investments

						N	I	L
--	--	--	--	--	--	---	---	---

Net Current Assets

			2	0	7	0	2	6
--	--	--	---	---	---	---	---	---

Misc. Expenditure

						N	I	L
--	--	--	--	--	--	---	---	---

Accumulated Losses

						N	I	L
--	--	--	--	--	--	---	---	---

* Total Liabilities include Deferred Taxation of Rs. 59,591 thousands.

IV. Performance of Company (Amount in Rs. Thousands)

Turnover

		1	8	7	5	2	6	7
--	--	---	---	---	---	---	---	---

Total Expenditure

		1	7	0	0	6	0	4
--	--	---	---	---	---	---	---	---

Profit / Loss Before Tax

			1	7	4	6	6	3
--	--	--	---	---	---	---	---	---

Profit / Loss After Tax

			1	2	7	1	2	4
--	--	--	---	---	---	---	---	---

Earning per Share in Rs.

					8	.	0	4
--	--	--	--	--	---	---	---	---

Dividend Rate %

					2	0
--	--	--	--	--	---	---

V. Generic Names of Three principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)

3	0	0	4		1	0		9	0
---	---	---	---	--	---	---	--	---	---

Product Description

A	Z	A	T	H	I	O	P	R	I	N	E								
---	---	---	---	---	---	---	---	---	---	---	---	--	--	--	--	--	--	--	--

Item Code No. (ITC Code)

2	9	3	3		3	9		1	5
---	---	---	---	--	---	---	--	---	---

Product Description

D	I	P	H	E	N	O	X	Y	L	A	T	E							
---	---	---	---	---	---	---	---	---	---	---	---	---	--	--	--	--	--	--	--

Item Code No. (ITC Code)

2	9	4	2		0	0		9	0
---	---	---	---	--	---	---	--	---	---

Product Description

D	O	X	O	R	U	B	I	C	I	N									
---	---	---	---	---	---	---	---	---	---	---	--	--	--	--	--	--	--	--	--

For and on behalf of the Board

H. V. Goenka Chairman

C. L. Jain
Mahesh S. Gupta } Director

Ankur Kumar
Head - Legal & Company Secretary

Ajit Singh Chouhan Managing Director

Mumbai, 28th April, 2011


CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	Year ended 31st March, 2011		Year ended 31st March, 2010	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
A. Cash flow from operating activities				
Net Profit before Taxation		174,663		145,514
Adjustments for -				
Depreciation/Amortisation	95,208		91,822	
Interest Income	(243)		(421)	
Profit on Sale/Disposal of Fixed Assets (Net)	(512)		(2,892)	
Fixed Assets written off	—		1,401	
Interest Expense	57,829		81,392	
Unrealised Exchange (Gain)/Loss (Net)	(1,560)		1,970	
		<u>150,722</u>		<u>173,272</u>
Operating profit before working capital changes		325,385		318,786
Adjustments for -				
Trade and Other Receivables	(100,536)		(40,294)	
Inventories	(114,102)		(7,948)	
Trade and Other Payables	70,421		(43,609)	
		<u>(144,217)</u>		<u>(91,851)</u>
Cash generated from operations		181,168		226,935
Direct Taxes paid (net of refund of taxes)		(36,957)		(21,277)
Net cash from operating activities		<u>144,211</u>		<u>205,658</u>
B. Cash flow from investing activities				
Purchases of Fixed Assets (including advances for capital expenditure)	(112,790)		(55,047)	
Sale of Fixed Assets	1,930		14,898	
Interest received	243		421	
Expenses in connection with the Scheme of Arrangement	(17,672)		—	
Net cash used in investing activities		<u>(128,289)</u>		<u>(39,728)</u>
C. Cash flow from financing activities				
Proceeds from issue of Share Capital/Share Warrants	26,471		12,442	
Proceeds from Long-term Borrowings	110,888		205,782	
Repayment of Long-term Borrowings	(51,612)		(55,965)	
Repayment of Short-term Borrowings	(20,473)		(224,002)	
Dividend paid	(21,376)		(14,739)	
Tax paid on Dividend	(3,604)		(2,930)	
Interest paid	(59,450)		(80,703)	
Net cash used in financing activities		<u>(19,156)</u>		<u>(160,115)</u>
Net (decrease)/increase in cash and cash equivalents		<u>(3,234)</u>		<u>5,815</u>
Cash and Cash Equivalents - Opening Balance		8,006		2,191
Cash and Cash Equivalents - Closing Balance		<u>4,772</u>		<u>8,006</u>

Notes:

- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard – 3 on Cash Flow Statements, notified under sub-section (3C) of Section 211 of the Companies Act, 1956.
- Previous year figures have been regrouped where necessary.

In terms of our report of even date

 For Lovelock & Lewes
 Firm Registration No. 301056E
 Chartered Accountants

Himanshu Goradia
 Partner
 Membership No. 45668
 Mumbai, 28th April, 2011

Ankur Kumar
 Head - Legal & Company Secretary

For and on behalf of the Board

H. V. Goenka Chairman

C. L. Jain
Mahesh S. Gupta } Director

Ajit Singh Chouhan Managing Director

Mumbai, 28th April, 2011



RPG LIFE SCIENCES LIMITED

Regd. Office: RPG House, 463, Dr. Annie Besant Road, Worli, Mumbai 400 030.

ATTENDANCE SLIP

(To be handed over at the entrance of the meeting hall)

DP ID No.		Registered Folio No.	
Client ID No.		No. of shares	

I/We hereby record my/our presence at the 4th Annual General Meeting of the Company on Thursday, July 28, 2011 at 3.30 p.m. at Ravindra Natya Mandir, P. L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai 400 025.

Name/s of the Shareholder (in Block letters)	
Name of the Proxy (in Block letters)	
Signature of the shareholder/proxy	

NOTE: Members/Proxies are requested to bring the attendance slip with them.



RPG LIFE SCIENCES LIMITED

Regd. Office: RPG House, 463, Dr. Annie Besant Road, Worli, Mumbai 400 030.

PROXY

DP ID No.		Registered Folio No.	
Client ID No.		No. of shares	

I/We _____ of _____

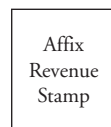
being a member / members of RPG Life Sciences Limited, hereby appoint _____

_____ of _____

or failing him _____ of _____

as my/our proxy to attend and vote for me/us on my/our behalf at the 4th Annual General Meeting of the Company to be held on Thursday, July 28, 2011 at 3.30 p.m. at Ravindra Natya Mandir, P. L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai 400 025 and at any adjournment thereof.

Signed this _____ day of _____ 2011



NOTE: THE PROXY IN ORDER TO BE EFFECTIVE, SHOULD BE DULY STAMPED, COMPLETED AND SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

BULK DRUGS PLANT AT NAVI MUMBAI





RPG LIFE SCIENCES LIMITED