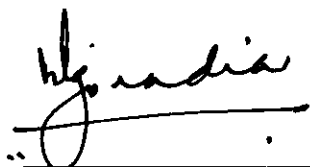


FORM A

1.	Name of the Company	RPG Life Sciences Limited
2.	Annual Financial Statements for the year ended	31 st March, 2014
3.	Type of Audit Observation	Un-qualified
4.	Frequency of Observation	Not Applicable
5.	To be signed by- <ul style="list-style-type: none">• CEO/Managing Director• CFO• Auditor of the company• Audit Committee Chairman	Refer below

Auditors of the Company

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

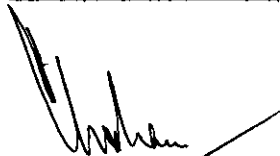


Himanshu Goradia
Partner
Membership No. 45668

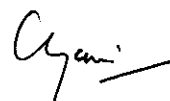
Place: Mumbai

Date: 17 JUN 2014

For RPG Life Sciences Limited



Ajit Singh Chouhan
Managing Director



C. L. Jain
Chairman of the Audit Committee



Sachin Raole
Chief Financial Officer

Place: Mumbai

Date: 17 JUN 2014

ANNUAL REPORT 2013-14



RPG LIFE SCIENCES LIMITED

Science for Life

**BOARD OF DIRECTORS**

Mr. H. V. Goenka Chairman
 Mr. R. A. Shah Alternate to Mr. C. Vinayaraghavan
 Mr. C. L. Jain
 Dr. Lalit S. Kanodia
 Mr. Mahesh S. Gupta
 Mr. Manoj K. Maheshwari
 Mr. P. K. Mohapatra
 Mr. C. Vinayaraghavan
 Mr. Narendra Ambwani
 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. Rajesh Shirambekar

AUDITORS

Lovelock & Lewes
 Chartered Accountants

REGISTERED OFFICE

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

MANAGEMENT TEAM

Mr. Ajit Singh Chouhan
 Managing Director
 Mr. Rajindrra Patkar
 Chief Executive - Global Formulations
 Mr. Vimalendu K. Singh
 Chief Executive - API, Biotech & Global Generics
 Mr. Sachin Raole
 CFO & Sr. Vice President - Corporate Services
 Dr. Uday R. Bapat
 Chief Scientific Officer
 Mr. Rabindranath Nandi
 Vice President - Corporate Quality
 Mr. Anil Kumar Gupta
 Vice President - Manufacturing
 Ms. Suchitra Tiwari
 Head - Regulatory & Project Management

SOLICITORS

Crawford Bayley & Co.

BANKERS

Union Bank of India
 State Bank of India
 IDBI 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 SEVENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF RPG LIFE SCIENCES LIMITED WILL BE HELD ON THURSDAY, SEPTEMBER 25, 2014 AT 11.00 A.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, 2014, the Profit and Loss Account for the year ended on that date and the Report of the Directors and Auditors thereon.
2. To declare dividend for the year ended on March 31, 2014.
3. To appoint a Director in place of Mr. C. Vinayaraghavan (DIN:01053367), who retires by rotation, and being eligible, offers himself for re-appointment.
4. To re-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 pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act 2013 and Rules made thereunder, and pursuant to the recommendations of the Audit Committee, M/s. Lovelock & Lewes, Chartered Accountants (Registration No. 301056E) the retiring Auditors of the Company, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting ("AGM") until conclusion of the Tenth AGM of the Company subject to ratification of the appointment by the Members at every AGM held after this AGM at a remuneration to be determined by the Board of Directors of the Company in addition to service tax and such other tax(es), as may be applicable and reimbursement of out of pocket expenses incurred by them for the purpose of audit."

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Narendra Ambwani (DIN:00236658), who was appointed as an Additional Director of the Company pursuant to the provisions of Section 161 of the Companies Act, 2013 and the Articles of Association of the Company with effect from July 24, 2014 and who holds office until the date of this Annual General Meeting and who has given a declaration of independence under Section 149 (6) of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member

under section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years from September 25, 2014 to September 24, 2019 and shall not be liable to retire by rotation."

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. P. K. Mohapatra (DIN:00066239), Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years from September 25, 2014 to September 24, 2019 and shall not be liable to retire by rotation."
7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Manoj Maheshwari (DIN:00012341), Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years from September 25, 2014 to September 24, 2019 and shall not be liable to retire by rotation."
8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Mahesh Gupta (DIN:00046810), Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years from September 25, 2014 to September 24, 2019 and shall not be liable to retire by rotation."
9. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment



thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. C. L. Jain (DIN:00102910), Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years from September 25, 2014 to September 24, 2019 and shall not be liable to retire by rotation."

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Dr. Lalit S. Kanodia (DIN:00008050), Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years from September 25, 2014 to September 24, 2019 and shall not be liable to retire by rotation."

11. 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 under Sections 196, 197, 198, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as "the Act") including any statutory amendments, modifications or re-enactment thereof and subject to the approval of the Central Government, if any and subject to such other requisite approvals, as may be required in this regard, the consent of the Shareholders be and is hereby accorded for payment of remuneration to Mr. Ajit Singh Chouhan (DIN:02284557), Managing Director of the Company with effect from April 1, 2014 for remainder of duration of appointment up to April 8, 2016 on the terms and conditions mentioned in the agreement and as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors of the Company and as set out in the explanatory statement which forms part of this resolution.

RESOLVED FURTHER THAT the Board of Directors (which term shall always be deemed to include any Committee as constituted or to be constituted by the Board to exercise its powers including the powers conferred under this resolution) be and is hereby authorised to vary or increase the remuneration specified above from time to time to the extent the Board of Directors may deem appropriate, provided that such variation or increase, as the case may be, is within the overall limits as specified under the relevant provisions of the Companies Act, 2013 and/ or as approved by the Central Government or such other competent authority.

RESOLVED FURTHER THAT in the event of absence of profits or inadequacy of profits in any financial year under the provisions of Schedule V to the Companies Act, 2013,

the remuneration as set out in the explanatory statement which forms part of this resolution be paid as the minimum remuneration to the Managing Director by way of salary and allowances as specified therein and subject to receipt of the requisite approvals, if any.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things, to enter into such agreement(s), deed(s) of amendment(s) or any such document(s), as the Board may, in its absolute discretion, consider necessary, expedient or desirable including power to sub-delegate, in order to give effect to this resolution or as otherwise considered by the Board to be in the best interest of the Company, as it may deem fit."

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

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s. Kirit Mehta & Co. (Registration No. 000353), Cost Accountants, appointed by the Board of Directors, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015, be paid the remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper and expedient to give effect to this resolution."

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

"RESOLVED THAT in supersession to the earlier resolution (without prejudice to the actions already taken by virtue thereof) and pursuant to the provisions of Section 180(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013, including any statutory modification(s) or re-enactment thereof, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of Directors which the Board may have constituted or hereinafter constitutes to exercise its powers including the powers conferred by the resolution), for borrowing any sum or sums of money (including fund based and non fund based working capital facilities from the Consortium Member banks) from time to time at their discretion for the purpose of the Company, even if the borrowing(s) together with the monies already borrowed by the Company exceeds the paid-up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, and determine,



fix, arrange or agree to the terms and conditions of all such monies borrowed/ to be borrowed from time to time, provided however, that such borrowing shall not exceed Rs. 125 crores (Rupees One Hundred Twenty Five Crores only) over and above the aggregate of paid up share capital and free reserves of the Company.

RESOLVED FURTHER THAT the Board be and is hereby empowered and authorised on behalf of the Company to arrange or fix the terms and conditions of all such monies to be borrowed from time to time, as to interest, repayment, security or otherwise howsoever, as it may think fit."

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

"RESOLVED THAT in supersession to the earlier resolution (without prejudice to the actions already taken by virtue thereof) and pursuant to the provisions of Section 180(1)(a) and all other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder, including any statutory modification(s) or re-enactment thereof, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of Directors which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution), to mortgage/charge/hypothecate/pledge/create security in any form or manner on all or any of the movable and/or immovable properties of the Company, both present and future or the whole or substantially the whole of the undertaking(s) of the Company for securing any loan(s) or facility(ies) including Rupee loans, foreign currency loans, debentures, bonds or other instruments or fund based and non fund based working capital facilities availed or as may be availed from time to time from any Financial Institution(s) or Bank(s) or Person(s) or entities together with interest, costs, charges, expenses and any other monies payable thereon for an amount not exceeding Rs. 125 crores (Rupees One Hundred Twenty Five Crores only) over and above the aggregate of paid up share capital and free reserves of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds and things, to execute all such documents, instruments in writing as may be required in its absolute discretion pursuant to above resolution."

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS/ HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Pursuant to provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members

holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other member. The instrument of proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting.

2. Members/proxies should bring duly filled attendance slip send herewith to attend the meeting. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.
3. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, September 15, 2014 to Thursday, September 25, 2014 (both days inclusive) for annual closing and determining the entitlement of the shareholders to the Dividend for 2013-14. The book closure dates have been fixed in consultation with the Stock Exchanges.
5. The dividend for the financial year March 31, 2014, as recommended by the Board, if approved by the members, will be paid on or after September 26, 2014, 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 September 12, 2014 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/Registrars and Share Transfer Agents, on or before September 12, 2014.
6. 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 payment of dividend. The Company or its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members.
7. 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.
8. In case of joint holders attending the meeting, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.



9. In compliance with Clause 5A.II of the Listing Agreements with the Stock Exchanges, the Company transferred 75,236 unclaimed shares held by 603 shareholders to an Unclaimed Suspense Account and dematerialized the same, details of which are as follows:

Particulars	Number of Shareholders	Number of Shares
Aggregate number as at April 1, 2013	603	75,236
Number of shares claimed and transferred from the Unclaimed Suspense Account during the year	NIL	NIL
Aggregate number as at March 31, 2014	603	75,236

10. Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
11. The Notice of the AGM along with the Annual Report 2013-14 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/ Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode. For any communication, the shareholders may also send requests to the Company's investor email id: investorservices@rpgls.com.
12. Members who have not encashed their dividend warrant for the previous years, may approach the Company or the Registrar & 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.
13. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
14. Members are requested to bring their copy of the Annual Report to the Annual General Meeting.
15. 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.

16. Voting through electronic means

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 7th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL):

The instructions for members for voting electronically are as under:-

A. In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab.
- (iii) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vi) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
	<ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field.
	<ul style="list-style-type: none"> • In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.



Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.
	<ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field.

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN of RPG LIFE SCIENCES LIMITED.
- (xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvi) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.

- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

B. In case of members receiving the physical copy:

- (i) Please follow all steps from serial no. (i) to serial no. (xvi) above to cast vote.
- (ii) The voting period begins on Tuesday, September 16, 2014 (09.00 a.m. IST) and ends on Thursday, September 18, 2014 (06.00 p.m. IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on Friday, August 22, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (iii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.
- (iv) Ms. Jigyasa Ved of M/s. Parikh Parekh & Associates, Practicing Company Secretaries, has been appointed as the Scrutinizer to receive and scrutinize the completed ballot forms and votes casted electronically by the members.
- (v) Members who do not have access to e-voting facility may send duly completed ballot form (enclosed with the Annual Report) so as to reach the Scrutinizer, at the address mentioned on the enclosed Business Reply Envelope not later than Thursday, September 18, 2014 (06.00 p.m. IST). Ballot form received after this date will be treated as invalid.

By Order of the Board of Directors

Rajesh Shirambekar
Head - Legal & Company Secretary

Registered office:

RPG House
 463, Dr. Annie Besant Road,
 Worli, Mumbai 400 030.
 Place: Mumbai
 Date: July 24, 2014



EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 5:

Pursuant to the recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on July 24, 2014 appointed Mr. Narendra Ambwani as an Additional Director of the Company and pursuant to the provisions of Section 161 of the Companies Act, 2013, Rules made thereunder and the Articles of Association of the Company. Mr. Ambwani would hold office upto the date of the ensuing Annual General Meeting. A brief profile of Mr. Ambwani is annexed hereto and forms part of the Notice.

The Company has received a notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing the candidature of Mr. Ambwani for the office of Independent Director of the Company.

The Company has received from Mr. Ambwani, a declaration of independence under Section 149 (6) of the Companies Act, 2013.

In terms of Section 164 of the Companies Act, 2013, Mr. Ambwani is not disqualified from being appointed as an Independent Director and has given his consent in writing to act as Director of the Company.

Keeping in view his vast experience and knowledge, it will be in the interest of the Company that Mr. Ambwani is appointed as an Independent Director from September 25, 2014 to September 24, 2019. Accordingly the Board of Directors recommends the Resolution as set out in Item No. 5 for approval of the shareholders.

Further the Board of Directors of the Company are of the opinion that Mr. Ambwani fulfills the conditions specified in the Companies Act, 2013 and Rules made thereunder for being appointed as Independent Director and he is independent of the management.

This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchanges.

Apart from Mr. Ambwani, none of the Directors or Key Managerial Personnel of the Company and their relatives, is concerned or interested in the Resolution. Mr. Ambwani does not hold any shares in the Company.

Item No. 6 to 10

The Company had pursuant to the provisions of Clause 49 of the Listing Agreement entered with the Stock Exchanges, appointed Mr. P. K. Mohapatra, Mr. Manoj Maheshwari, Mr. Mahesh Gupta, Mr. C. L. Jain and Dr. Lalit S. Kanodia as Independent Directors at various times, in compliance with the requirement of the said clause.

As per the provisions of Section 149 (4) of the Companies Act, 2013, which came into force with effect from April 1, 2014 every listed Company is required to have at least one-third of the total number of Directors as Independent Directors. Further Section 149 (10) of the Companies Act, 2013 provides that an Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and is not liable to retire by rotation pursuant to Section 149 (13) read with Section 152 of the Companies Act, 2013.

Pursuant to recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on July 24, 2014 has proposed the appointment of these Directors as Independent Directors from September 25, 2014 to September 24, 2019.

The Company has received Notices in writing from a Member alongwith the deposit of requisite amount under Section 160 of the

Companies Act, 2013 proposing the candidature of these Directors for the office of Independent Directors of the Company.

The above Independent Directors have given a declaration to the Board that they meet the criteria of independence as provided under Section 149 (6) of the Companies Act, 2013. In the opinion of the Board, all the above Independent Directors are persons of integrity and possess appropriate skills, experience, knowledge and qualifications in their respective fields which are beneficial to the interests of the Company and fulfills the conditions specified under the Companies Act, 2013 and the Rules made thereunder for appointment as Independent Directors and they are independent of the management.

Further, the above Independent Directors are not disqualified from being appointed as Directors in terms of Section 164 of the Companies Act, 2013 and have given their consent in writing to act as Directors of the Company.

This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchanges.

Apart from the above referred Directors and their relatives, none of the other Directors and Key Managerial Personnel of the Company and their relatives, is concerned or interested in the Resolutions set out at item nos.6 to 10 of the Notice.

The Board recommends these Ordinary Resolutions for approval of the Members.

The brief profiles of the Directors who are proposed to be appointed as Independent Directors are annexed hereto and forms part of the Notice.

Item No. 11

Mr. Ajit Singh Chouhan was appointed as Managing Director for a period of 3 years with effect from April 9, 2013 on terms and conditions approved by the Board at its meeting held on May 7, 2013 and approval by the shareholders at the Annual General Meeting held on July 26, 2013, respectively.

In terms of Sections 196 of the Companies Act and Rules made thereunder, in case of inadequate profits, the provisions of Schedule V shall be applicable for payment of remuneration to Mr. Chouhan effective from April 1, 2014 till the remainder duration of his tenure.

The Nomination and Remuneration Committee has recommended and the Board of Directors approved in their respective meetings held on July 24, 2014, the payment of remuneration as stated herein below to Mr. Ajit Singh Chouhan as Managing Director of the Company with effect from April 1, 2014, for remainder of duration of appointment upto April 8, 2016 subject to approval of the shareholders in the General Meeting and the Central Government, if any.

The following is the statement of information for the members pursuant to paragraph 1 of Section II of Part II of Schedule V to the Act.

I. GENERAL INFORMATION

(1) Nature of industry:

Pharmaceutical. The Company manufactures bulk drugs using both synthetic as well as complex fermentation technology and also a wide range of pharmaceutical formulations.

(2) Date of commencement of commercial production:

The pharmaceutical business acquired by the Company commenced production on May 15, 1969.



(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.
Not applicable.

(4) **Financial performance:**

(Rs. in crores)

Particulars	2013-14	2012-13
Total Income	237.91	223.42
Profit before interest, depreciation and tax	14.04	17.85
Interest	2.60	7.44
Depreciation	10.61	9.87
Profit before tax	0.83	0.54
Profit after tax	53.40	4.41
Equity capital (face value Rs. 8/-)	13.23	13.23
Earnings per share (Rs.)	32.29	2.67

(5) **Foreign investments or collaboration, if any:**

The Company did not have any foreign investment or collaboration.

II. INFORMATION ABOUT THE APPOINTEE

1. Background details:

Mr. Ajit Singh Chouhan is a Bachelor of Mechanical Engineering, a qualified Marine Engineer and a MBA from FMS, New Delhi. He did his Engineering from M.S. University, Baroda and passed out with a distinction in 1982.

He has over 30 years of varied experience working in India and overseas. He has worked across various Industries in Engineering, Marine, Telecom and Power. Prior to joining the RPG Group, he worked with Ingersoll Rand, a US multinational in the Engineering industry and with Emerson, another US multinational company in their Network Power Group.

Mr. Chouhan leads the Transmission industry as the Mentor of the Transmission and Distribution Division of IEEMA (Indian Electrical and Electronics Manufacturers' Association). He is also a member of the IEEMA Council, an apex body of the Association.

Mr. Chouhan has also successfully participated in several Advanced Management Programs at the Mahler, USA and The London Business School.

Mr. Chouhan is also a director of Raychem-RPG Pvt. Ltd., Harrison's Malayalam Ltd. and Spencer International Hotels Ltd. Mr. Chouhan does not hold any equity shares in the Company.

2. Past remuneration:

The remuneration paid to Mr. Chouhan for the financial year 2013-14 was Rs. 170.22 lacs excluding perquisites and retiral benefits.

3. Recognition or awards:

Mr. Chouhan was honoured with the prestigious award of "CEO with HR Orientation" in recognition to the outstanding contribution to human resources development with the Company, at a glittering awards ceremony of the "Asia Pacific HRM Congress 2011".

Under the leadership of Mr. Chouhan, the Company was awarded 'The Most Popular HR Showcase Exhibit Award' at the 15th National HRD Network Conference held at Bangalore in November 2011. The Company was one of the 50 companies

chosen to showcase its differentiating HR practice. The reward and recognition process adopted by the Company was exhibited at the HR Showcase Event.

4. Job Profile and his suitability:

Mr. Ajit Singh Chouhan is a professional with high academic background. Mr. Chouhan is responsible for the overall conduct and management of business and affairs of the Company. This includes broad development of domestic and international business; providing strategic direction to the three business units of the Company; review of product portfolio in light of patent laws and continual introduction of new products; enhancement of manufacturing efficiencies and rationalization of costs; and the Company's entry in regulated market of US and setting up of appropriate manufacturing facilities and development thereof. Mr. Chouhan has successfully handled and overlooked domestic and international business of RPG Group Companies for many years. This coupled with his strong resources management capability makes him fully suitable for the position.

5. Remuneration:

The details of remuneration are as under:

Basic Salary per month	Rs. 4,10,000
Management Allowance per month	100% of Basic Salary
Other Allowances* per month	Upto Rs. 5,00,000
HRA per month	Company provided house (furnished or otherwise) or House Rent Allowances in lieu thereof.
Car	One Company maintained car with driver for Company use. (Personal use will be to the account of incumbent)
Club Membership	Monthly subscription to one club.
Telephone per month	Rental and usage will be paid by the Company.
Performance Bonus per annum	upto Rs. 20,00,000
PF/ SAF/ Gratuity/ Leave Encashment	As per Company Policy.
Group Medical Insurance/ Group Term Life Insurance	As per Company Policy.
Annual Increments	upto 30% of CTC or as decided by the Nomination and Remuneration Committee/ Board
Maximum remuneration per annum	upto Rs. 3.00 crores

* Other allowances includes Personal Pay, Medical, LTA, Meal Coupons, Education, Petrol & such other allowances as may be recommended by the Nomination and Remuneration Committee and determined by the Board from time to time.

6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:

The Company has a paid up capital of Rs. 13.23 crores. The equity shares of the Company are listed on National Stock Exchange of India Ltd. and BSE Limited. The turnover of the Company is Rs. 237.91 crores in the year 2013-14. The Company has three factories. The factory at Navi Mumbai, Maharashtra manufactures bulk drugs using synthetic process. The bulk



drugs factory at Ankleshwar, Gujarat manufactures bulk drugs using complex fermentation process. The formulation factory at Ankleshwar, Gujarat, manufactures pharmaceutical formulations of various dosage forms. The Company also undertakes contract product development on the back of strong R&D division. The Company has work force of around 1,200 people. Given the size, complexity of the Company and sheer knowledge driven nature of business and also the profile of the position and Mr. Chouhan as given above, the proposed remuneration is in line with remuneration prevalent in the pharmaceutical industry for companies with similar size, complexity and profile of the position and position holder.

7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:

Mr. Ajit Singh Chouhan does not have any other pecuniary relationship, directly or indirectly, with the Company or any nature of relationship with the managerial personnel of the Company.

III. OTHER INFORMATION

1. Reasons of loss or inadequate profits:

During the year under review, operations of the Company were adversely affected due to notice of non-compliance and a warning letter received from USFDA consequent to the pre-approval inspection of the Company's API facility at Navi Mumbai and formulation facility at Ankleshwar.

2. Steps taken or proposed to be taken for improvement:

The Company has initiated corrective action to meet the requirement of USFDA.

3. Expected increase in productivity and profits in measurable terms:

With new business initiatives undertaken by the Company, the productivity and profits are expected to improve in near term subject to favorable market conditions.

IV. DISCLOSURES

1. The remuneration package of Mr. Chouhan, Managing Director is as stated above.
2. The disclosures as required on all elements of remuneration, service contract details, stock option details, etc. have been made in the Directors' Report under the heading "Corporate Governance" attached to in this annual report.

A copy of the Agreement dated May 7, 2013 entered into with Mr. Chouhan is open for inspection by Members at the Registered office of the Company between 11.00 a.m. and 01.00 p.m. on all working days except Saturdays, Sundays and public holidays upto the date of this Annual General Meeting.

The Board recommends the passing of the Special Resolution as set out in Item No. 11 of the accompanied notice.

No Director, Key Managerial Personnel or their relatives, except Mr. Chouhan, to whom the resolution relates, is interested or concerned in the resolution.

Item No. 12

The Board on recommendation of the Audit Committee, has approved the appointment and remuneration of M/s. Kirit Mehta & Co., Cost Auditor, to conduct the audit of the cost records in respect of pharmaceutical activities of the Company for the financial year ending March 31, 2015 on a remuneration not exceeding Rs. 2,00,000/- p.a., exclusive of all taxes and out of pocket expenses.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the members of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 12 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2015.

None of the Directors and Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 12 of the Notice.

Item Nos. 13 & 14

The members of the Company had, vide Ordinary Resolution passed under Section 293(1)(d) of the Companies Act, 1956, at the Annual General Meeting of the Company held on August 27, 2008, inter alia, accorded their approval to the Board of Directors of the Company to borrow over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of Rs. 125 Crores (Rupees One hundred Twenty Five Crores only).

The members had, vide their Ordinary Resolution passed under erstwhile Section 293(1)(a) of the Companies Act, 1956, at the Annual General Meeting of the Company held on August 27, 2008, inter alia, authorised the Board of Directors to create mortgage and/ or charge and/ or hypothecation on the whole or substantially the whole of the undertaking(s) or such other assets that the Company may acquire from time to time for securing any loans or financial facilities obtained by the Company.

Further vide General Circular 04/2014 dated March 25, 2014, issued by the Ministry of Corporate Affairs it was clarified that the resolutions passed by the companies under Section 293 of the Companies Act, 1956, prior to September 12, 2013, shall be valid for a period of one year only.

The present long term loans availed by the Company are within the limits stipulated under the Companies Act, 1956. However, considering need of funds for future expansion plans, the Company may have to borrow the funds from banks, institutions, etc.

Pursuant to Section 180 of the Companies Act, 2013, Special Resolution of members is required for authorising the Board of Directors to borrow monies exceeding the aggregate of the paid-up share capital and free reserve and creation of mortgage/charge on any of the properties of the Company.

Accordingly, Special Resolutions as set out in Item No. 13 & 14 of this Notice are recommended for approval of the members.

None of the Directors and Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item Nos. 13 & 14.

By Order of the Board of Directors
Rajesh Shirambekar
Head - Legal & Company Secretary

Registered office:

RPG House
463, Dr. Annie Besant Road,
Worli, Mumbai 400 030.
Place: Mumbai
Date: July 24, 2014



ANNEXURE TO NOTICE

DETAILS OF DIRECTORS' SEEKING RE-APPOINTMENT/ APPOINTMENT AT THE ANNUAL GENERAL MEETING IN PURSUANCE OF CLAUSE 49 OF THE LISTING AGREEMENT.

Mr. C. Vinayaraghavan	<p>Mr. C. Vinayaraghavan is a Non-Executive Director. Mr. Vinayaraghavan has done his graduation in B.Sc. (Botany). He is working with Harrisons Malayalam Ltd. since last 36 years and is a President of the Company. Mr. Vinayaraghavan is also a Director of Vulcan Electricals Ltd., Spencer Information Services Limited, HML Engineering Company Limited, Harmony Plantations Limited and Malayalam Plantations Limited.</p> <p>Mr. Vinayaraghavan does not hold any equity shares in the Company.</p>
Mr. Narendra Ambwani	<p>Mr. Narendra Ambwani had a career of 34 years with Johnson & Johnson, out of which 20 years as Managing Director in Indonesia and India. Currently, he serves on the Boards of Godrej Consumer Products Limited, Agro Tech Foods Limited and Indian Society of Advertisers. He is Vice-Chairman of Advertising Standards Council of India.</p> <p>He is a Bachelor of Electrical Engineering from IIT Kanpur and Post Graduate in Management from IIM, Ahmedabad. He completed professional training as CEO Coach at CFI, Chennai.</p> <p>He brings with him outstanding marketing and general management experience to the Board. He was responsible for developing very strong leadership brands such as Johnson Baby, Stayfree and Band-Aid during his long stint with world renowned multinational Johnson & Johnson.</p> <p>Mr. Ambwani does not hold any equity shares in the Company.</p>
Mr. P. K. Mohapatra	<p>Mr. P. K. Mohapatra is a Non-Executive Independent Director of the Company. He has 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., Coaching Foundation India Ltd., Chennai Business School Ltd., Larsen & Toubro Ltd. (Power T&D Independent company), KMC Speciality Hospitals (India) Limited, Sterling Holiday Resorts (India) Limited 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 equity shares in the Company.</p>
Mr. Manoj Maheshwari	<p>Mr. Manoj Maheshwari is a Non-Executive Independent Director of the Company. He is the Chairman of a large Non-Banking Financial Company as well as an active Angel Investor and Venture Capitalist. He is a graduate from the Bombay University with a major in Chemistry and has done his post graduation in Industrial Management. Mr. Maheshwari's work experience encompasses the project management, production, marketing, financial and general management areas of medium sized companies and is on the board of directors of a number of public and private companies as an executive/independent non-executive director and brings a judicious mix of entrepreneurial and professional skills to the various Boards that he serves on.</p> <p>Mr. Maheshwari is also a director of Hamilton & Co. Ltd., Ador Weldings Ltd., Metro Shoes Ltd., Mahindra Ugine Steel Co. Ltd. and Mahindra CIE Ltd., in addition to several private limited companies. He also serves a number of Board Committees.</p> <p>Mr. Maheshwari does not hold any equity shares in the Company.</p>



<p>Mr. Mahesh Gupta</p>	<p>Mr. Mahesh Gupta is a Non-Executive Independent Director of the Company. He is also the Group Managing Director with Ashok Piramal Group. He oversees all the businesses of the Group which comprises mainly of Real Estate (Peninsula Land Limited), Textiles (Morarjee Textiles Ltd), Cutting Tools (Miranda Tools) and Auto Components (PMP Components Pvt. Ltd.). The Group has plants/ projects all over the Country and in Czech Republic.</p> <p>In his current role since 2005 he plays the role of formulating the Group's business strategy and steering the Group to achieve its goals. As a senior member in the Group, he plays a very significant role in guiding each business to attain profitable and sustained growth. Under his stewardship, the Group formulated an aggressive plan which has seen the businesses grow by leaps and bounds. Mr. Gupta leverages his in-depth understanding of the businesses to enhance the growth of the Group.</p> <p>Earlier he has been associated with the Piramal Group as Group CFO and had been on the Board of several Companies in the Piramal Group including whole-time Director of Nicholas Piramal India Ltd. (now Piramal Enterprises Ltd). Mr. Gupta has also worked with the RPG group as Group CFO and Management Board Member.</p> <p>Mr. Gupta has received a number of recognitions for his business acumen. He was awarded the CFO of the Year Award, Special Commendation for Financial Excellence (Mergers & Acquisitions Category) by IMA (formerly known as EIU), New Delhi.</p> <p>Mr. Gupta is on the Board of several Public listed Companies such as Peninsula Land Limited, Morarjee Textiles Limited, Ceat Limited, Delta Corp Limited etc. From time to time he has also been associated with various Committees of The Institute of Chartered Accountants of India (ICAI), Member Governing Council of Indian Association Corporate CFOs & Treasurers (InACT), Advisory Board of Chennai Business School. He also serves a number of Board Committees.</p> <p>Mr. Gupta has an Honours Degree in B.Com; L.L.B (Gen). Fellow Member of The Institute of Chartered Accountants and The Institute of Company Secretaries of India. He had an outstanding academic record and Third Rank Holder and a Silver Medalist in Company Secretaries Final examination.</p> <p>Mr. Gupta does not hold any equity shares in the Company.</p>
<p>Mr. C. L. Jain</p>	<p>Mr. C. L. Jain is a Non-Executive Independent Director of the Company. He 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. 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., NOCIL Ltd., and Pioneer Distilleries Ltd. in addition to several private limited companies. He also serves a number of Board Committees.</p> <p>Mr. Jain does not hold any equity shares in the Company.</p>
<p>Dr. Lalit S. Kanodia</p>	<p>Dr. Lalit S. Kanodia is a Non-Executive Independent Director of the Company. He is also the Chairman of Datamatics Global Services Limited which was founded by him in 1975. He has a degree in Mechanical Engineering from IIT, Mumbai. Subsequently, he obtained an MBA and Ph.D., both from MIT, USA.</p> <p>Dr. Kanodia is the Founder CEO of TCS, which is today India's most valuable company, with a Market Cap of over \$70 billion.</p> <p>Dr. Kanodia is a Ford Foundation Fellow. He received the Distinguished Alumnus Award of IIT, Mumbai. He is one of the 10 persons included in the Hall of Fame, published by Dataquest alongwith late JRD Tata and our late Prime Minister Rajiv Gandhi.</p> <p>He has served as the Past President of the Management Consultants' Association of India and Chairman of the Electronic & Computer Software Export Promotion Council (Western Region). He is Chairman of the IT Committee of Indian Merchants' Chamber. He is the past President of the Indo American Chamber of Commerce (Western Region). He has been a Member of the Executive Committee of NASSCOM. He also served on various Committees of the Government of India and the State of Maharashtra.</p> <p>He was also invited to deliver the convocation address to graduating MBA students by 4 institutes and was the main speaker at the Itochu (CTC) Annual Conference in Japan. Dr. Kanodia is on the Executive Board of MIT (Europe, Asia and Africa). While in the US, he was Consultant to the Ford Motor Company and Arthur D. Little. He has also taught at Jannalal Bajaj and MIT. He was also the Honorary Consul of Chile in Mumbai (2002-2014).</p> <p>Dr. Kanodia is a director of Datamatics Software Services Ltd., Datamatics Global Services Ltd. and Matix Fertilisers & Chemicals Ltd. in addition to several private limited companies and companies incorporated outside India. He also serves a number of Board Committees.</p> <p>Dr. Kanodia does not hold any equity 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, 2014.

1. FINANCIAL RESULTS

The summary of financial performance of the Company for the year under review is given below:

	(Rs. in Crore)	
	2013-14	2012-13
Total Income	237.91	223.42
Profit before depreciation, interest and tax	14.04	17.85
Less: Interest	2.60	7.44
Less: Depreciation	10.61	9.87
Profit for the year before tax	0.83	0.54
Add: Exceptional Item	64.14	-
Profit before tax	64.97	0.54
Less: Provision for tax (including Deferred Tax)	11.57	(3.87)
Profit for the year after tax	53.40	4.41
Appropriations:		
Proposed dividend	3.31	1.98
Tax on proposed dividend	0.56	0.34
Transfer to General Reserve	5.34	0.22
Balance carried forward to balance sheet	69.41	25.22

2. DIVIDEND

Your Directors recommend a dividend of Rs. 1.20 (15%) and a special dividend of Rs. 0.80 (10%) per equity share of Rs. 8/- each on account of extraordinary income. Therefore, the total dividend recommended is Rs. 2.00 (25%) per equity share of Rs. 8/- each for the financial year ended March 31, 2014.

3. OPERATIONS

Your Company earned a total income of Rs. 237.91 crores for the year as compared to Rs. 223.42 crores during the previous year and a profit before tax of Rs. 0.83 crore as against Rs. 0.54 crore during the previous year. After providing for depreciation, interest and addition of exceptional income of Rs. 64.14 crores arising on sale of a part of Navi Mumbai land, the profit after tax for the year stood at Rs. 53.40 crores as compared to Rs. 4.41 crores for the previous year. The operating profit of the Company was lower due to a provision for doubtful debts of Rs. 6.74 crores arising from outstanding receivables from certain parties to whom goods were supplied as per contracts. The Company has already initiated legal action against these parties.

Subsequent to the pre-approval inspection by the USFDA of the Company's API facility at Navi Mumbai and the formulation facility at Ankleshwar, the Company has received a notice of non-compliance and a warning letter from the USFDA. The non-approval of facilities would prolong future plans of entering the US market. The estimated time required for corrective steps and complete adherence with the stipulations indicated by USFDA is about two years.

Even though Company continues to hold EU GMP, WHO GMP and TGA, Australia certifications for the API facility at Navi Mumbai plant and UK MHRA certification for its formulation plant at Ankleshwar, some of its existing business has been impacted during the year as a result of the warning letter received from USFDA.

Formulations Business:

Performance:

During the year under review, the Formulations business achieved sales revenue of Rs. 153 crores, with a growth of 9.8% over the previous year. The Company improved its prescription ratings by 3 ranks. Nephrocare Division features among the top 5 Indian Companies operating under this space. Acute care business grew by 13% vis-à-vis market growth of 8%, while Specialty business grew by 16% compared to market growth of 14%.

Continued thrust on Focus brand strategy in the Company's core therapies has fuelled growth. Focus brands achieved a growth of 20% over the previous year. Some of the promising brands like Tricaine in Gastro-Intestinal therapy, Minmin Tonic in Nutritional Therapy, RPO & Alfalog in Dialysis Therapy, Frastim in Oncology and Anti-Diabetic Therapy have grown more than 20%. Company's major brands such as Aldactone, Naprosyn, Serenace and Azoran showed healthy growth in the year under review.

In addition, productivity improvement of the sales force played a significant role in achieving growth.

In the export markets, the Company has received regulatory approvals for its manufacturing facility from Tanzania, Ethiopia, Kenya and Algeria.

Outlook:

The Company will continue its emphasis on Focus brands and leverage the strength of the key brands to fuel growth. Gastrointestinal, Respiratory, Pain Management and Nutritionals will drive growth in the acute therapies while further strengthening of Cardiology, Anti-Diabetic, Oncology and Nephrology therapies will boost growth in the Chronic Specialty therapies. With focus on Immunosuppressant therapies, the Company will consolidate its position in the Nephrocare space both in Domestic as well as export markets.

Launching new products in therapies where the Company's core competencies exist, in line with therapy gaps identified



by prescription studies, will be a driver of growth in sales. Training of the field force will continue to remain the cornerstone for improving productivity by strengthening product knowledge and sales skills.

Global Generics Business:

Performance:

The Global Generics business achieved sales revenue of Rs.18.90 crore, with a growth of 9% over the previous year. The key contributing factor for the growth was increased focus on existing clients in Canada and UK. Today, given the facility for manufacturing immunosuppressants, APIs and oral solid dosage forms, your Company enjoys a good share of the Azathioprine market. However, more generic companies are expected to enter the market with Azathioprine formulations.

Outlook:

Your Company is constantly evaluating generic opportunities for both advanced markets like Europe and South Africa and major emerging markets like Russia and other Commonwealth of Independent States (CIS).

In the coming years, your Company expects to increase the footprint of its flagship product Azathioprine Tablets in all strengths and launch this product in Germany and certain other European countries for tenders as well as private business.

Active Pharmaceutical Ingredients (API/Bulk Drugs) Business:

Performance:

The API business achieved sales revenue of Rs. 35.59 crores, a growth of 27% over the last year. The traditional markets of Latin America in which the Company enjoys a fair market share continued to perform well. Quinfamide, Pantoprazole and Lamotrigine registered good growth rates.

Outlook:

API business has a strategic importance in the overall growth of the Company. The Company has a backward integration for Di-phenoxyate and Azathioprine. One of the key objectives of the Company is to build a strong and sustainable product portfolio. It has a plan to introduce new APIs every year in various key segments. With successful achievement of EU GMP, the Company plans to penetrate EU markets with a new API towards the end of the current financial year. With the emergence of BRIC markets, apart from domestic markets, Brazil & China would be increasingly important markets for some niche APIs that the Company manufactures.

Biotech Business:

Performance:

The Biotech business achieved sales of Rs. 21.51 crores by maintaining business with key clients in domestic &

international markets and with the addition of new clients in Taiwan and Russia.

The Company continued to make several improvements and upgrades in its Biotech facility, to meet the requirements of various markets in emerging geographies. In line with its strategy to take the products to regulated markets, the Company has filed COS (Certificate of Suitability) for Doxorubicin with EDQM (European Directive Quality Medicines) in France and also plans to file COS for Epirubicin in the current financial year.

Outlook:

Doxorubicin and Epirubicin are used in treatment of cancer and which are manufactured by your Company to compete with the best in class in the category.

Your Company expects to receive COS for Doxorubicin in this year and expects to get COS for Epirubicin by end of 2015. This will also help your Company to target regulated business in Europe.

4. SALE OF PART OF LAND

During the year, your Company sold a portion of unused leasehold land located at Navi Mumbai plant for a consideration of Rs. 77 crores. The sales proceeds were utilised for part repayment of debt and to fund capital expenditure.

5. DIRECTOR'S RESPONSIBILITY STATEMENT

The Board of Directors would like to affirm that the financial statements for the year under review conform in their entirety to the requirements of the Companies Act, 1956.

As stipulated in 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 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 as at March 31, 2014 and in the Profit and Loss Account for the said financial year viz. April 1, 2013 to March 31, 2014;
- (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. MANAGEMENT DISCUSSION AND ANALYSIS AND 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.

9. FIXED DEPOSITS

Your Company has not accepted any fixed deposit during the year under review. As on March 31, 2014, no deposit was overdue and deposits aggregating to Rs. 5.65 lakhs were lying unclaimed with the Company.

10. DIRECTORS

Mr. Ajit Gulabchand resigned from the Directorship of the Company with effect from November 13, 2013 and the Board places on record its appreciation for the services rendered by Mr. Gulabchand during his tenure with the Company.

Mr. C. Vinayaraghavan retires by rotation and being eligible offers himself for re-appointment at the ensuing Annual General Meeting.

In accordance of Section 149 and other applicable provisions of the Companies Act, 2013, your Directors are seeking appointment of Mr. P. K. Mohapatra, Mr. Manoj Maheshwari, Mr. Mahesh Gupta, Mr. C. L. Jain, and Dr. Lalit S. Kanodia as Independent Directors for five consecutive years from September 25, 2014 to September 24, 2019. Details of the said Directors are mentioned in the Explanatory Statement under Section 102 of the Companies Act, 2013 of the 7th Annual General Meeting.

None of the aforesaid Directors is related to any other Director of the Company.

11. 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.

12. AUDITORS

Statutory Auditors:

M/s. Lovelock & Lewes, 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 auditors of the Company.

Internal Auditors:

M/s. Aneja Associates, Chartered Accountants, Mumbai, are the Internal Auditors of the Company.

Cost Auditors:

Pursuant to the provisions of Section 233B of the Companies Act, 1956, M/s. Kirit Mehta & Co. (Registration No. 000353), Cost Accountants, was appointed to conduct audit of cost records of Pharmaceutical Activities for the year ended March 31, 2014. Cost Audit reports would be submitted to the Central Government within the prescribed time.

Pursuant to Rule 5 of the Companies (Cost Audit Report) Rules, 2011, cost audit reports for Pharmaceutical Activities for the year ended March 31, 2013 was filed with the Central Government on September 6, 2013.

13. AWARDS & RECOGNITION

Your Company has been recognized as one of India's Best Companies in the Pharmaceuticals & Biotechnology industry for the second consecutive year in 2013 in study conducted by "Great Place to Work Institute" which validates the progressive culture organizations.

Your Company has ranked 8th as "Asia's Best-Employer Brand" and also been awarded with "Continuous Innovation in HR Strategy at Work" and "Innovation in Recruitment".

14. 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 30, 2014



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, multiple energy conservation measures were taken across all manufacturing facilities such as employee awareness, strong vigilance, tag on energy waste and rectifying air, vacuum, water line leakages in distribution system.

The significant energy conservation measures taken during the year:

- I. Installation of Watmizer in Micro lab AHU
- II. Installation of VFD's on Motors.
- III. Installation of Heat Exchanger on Vacuum pumps for water circulation tank.
- IV. Replacement of Heat exchangers in API plant.
- V. Replacement of Admin block Light fittings in API plant.
- VI. Conversion of Boiler from Furnace Oil to PNG in API plant.
- VII. Replacement of Schedule M Light fittings in formulation plant.

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

- I. Geothermal System
- II. Hot water cogeneration
- III. LED Lighting
- IV. Honeywell Automation
- V. Replacement of Cooling Tower pumps & modification of Piping
- VI. Savings by AHU Modulation
- VII. Heat Pump System (Boiler feed water preheating & Hot water for Changing room)
- VIII. Lighting savings
- IX. Replacement of Air cooled Chillers
- X. Replacement of old Chilling plants with high efficiency screw chilling plants.

(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. 27 lakhs 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	Current Year
1 Electricity	
(a) Purchased	10334 kwh
Units (in '000 kwh)	
Total amount (Rs. in crores)	7.12
Rate / Unit (Rs.)	7.00
(b) Own Generation	
(i) Through Diesel Generator	80.00
(Unit in '000)	
Total amount (Rs. in crores)	0.32
Cost per unit (Rs.)	20.50
(ii) Through Steam Testing Generator	
Gas (Units in '000)	280.00
Total amount (Rs. in crores)	1.07
Cost per unit (Rs.)	38.75
2 Coal	
Quantity (Tonnes)	-
Total Cost	-
Average Rate	-
3 Furnace Oil	
Quantity (litres) (in '000)	267.09
Total amount (Rs. in crores)	1.96
Average Rate (Rs./ litre)	52.00
4 Other Internal Generation	
Quantity (units in '000 kwh)	-
Total Cost (Rs. in crores)	-
Rate per litre (Rs.)	-

B Consumption per unit of production

	Std if any	Current year
Products,		
Unit Electricity,	From the records and other books	
Furnace Oil, Coal,	maintained by the Company, in	
Others	accordance with the provisions of the	
	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:

Research and Development Department carries out research mainly in the following three areas:

- a) Formulation Development - Development of solid dosage forms (tablets, capsules) for markets of India, EU/US and rest of the world .



- b) Chemical Research and Development - Development of non-infringing processes for Active Pharmaceutical Ingredients (APIs) and their intermediates for EU/US and rest of the world markets.
- c) Fermentation Research and Development - Development of high yielding upstream fermentation processes for fermentation based APIs.

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

During the year, one immunosuppressant drug formulation for rest of the world market was successfully developed and scaled up. While laboratory trials on cardiovascular, immunosuppressant and hyponatremia drugs were successfully completed.

Chemical research is focused on development of non-infringing cost effective processes for APIs and their intermediates. During the year processes for one cardiovascular API and one antidepressant API were successfully scaled up and laboratory work on antiemetic drug and hyponatremia drug was successfully completed.

In the area of fermentation research high yielding upstream fermentation process for one immunosuppressant drug was successfully developed and scaled up to pilot scale.

3. Future plan of action:

In the coming years, APIs for which laboratory processes are ready will be scaled up to plant scale. Work on new APIs will be initiated in the laboratory. The cost reduction and process optimization work on existing APIs will continue. Bioequivalence studies will be carried out on formulations for rest of the world markets. Work on new formulations for regulated markets will continue. In fermentation research upstream and downstream process optimization work aimed at cost reduction will be carried out.

4. Expenditure on R&D:

Item	(Rs. in Lakhs)
(a) Capital	77
(b) Recurring	755
(c) Total	832
(d) Total R&D expenditure as a percentage of total turnover	3.54%

5. Technology absorption, adaptation and innovation

No new technologies have been purchased during the year 2013-2014.

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 is continuously taking initiatives to increase exports and development of new markets by alliances and launch of 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. 72.77 crores, while the outgo in foreign exchange amounted to Rs. 14.10 crores.

For and on behalf of the Board of Directors

H.V. Goenka
Chairman

Place: Mumbai
Date: April 30, 2014



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1) Industry structure and developments

The Indian healthcare industry has evolved rapidly from being a product centric industry to a service driven sector with delivery and medical insurance segments gaining prominence. India's pharmaceutical industry has been ranked 3rd in terms of volume and 10th in terms of value, globally.

Optimistic estimates predict India's pharmaceutical sector to touch US\$ 45 billion in sales by 2020 from the current US\$ 18 billion. The Indian pharmaceutical market is expected to grow at a Compounded Annual Growth Rate (CAGR) of 14%. India is now among the top five emerging pharmaceutical markets.

Driven by increasing sales of generic medicines, continued growth in chronic therapies and a greater penetration in rural markets, the domestic pharmaceutical market in India is expected to register a growth of 8%-10%. FY' 14 closed with a growth of 62% and CAGR of 11.20%.

In FY '14, growth of the domestic formulation industry slipped to 11.20% from 11.90% in the previous year. Slowdown in the domestic pharmaceutical industry has been attributed to several factors like delays in clinical trial approvals, uncertainties over the FDI policy, the new pharmaceutical pricing policy, a uniform code for sales and marketing practices, compulsory licensing for the domestic pharmaceutical market, regulatory challenges, etc.

2) Opportunities and Threats

Indian pharmaceutical industry has seen gradual increase in government healthcare expenditure & expansion of the private hospital sector. Government initiatives such as allowing 100% foreign direct investment in health and medical services will also benefit the industry. Indian government plans to increase health expenditure to 2.5% of gross domestic product by the end of the 12th Five-Year Plan (2012-17), which will give the sector a further boost.

Several socio-economic factors, including increasing sales of generic medicines, continued growth in chronic therapies and a greater penetration in rural markets will contribute majorly to the growth of the Indian pharmaceutical market. Other contributing factors for pharma industry growth are heightened health awareness, increasing affluence, changing lifestyles resulting in higher incidence of lifestyle diseases and a nascent, yet fast growing health insurance

industry. In addition, low cost of production and R&D boosts the efficiency of Indian pharmaceutical companies.

NLEM (National List of Essential Medicines) announced in 2013, resulted in 652 Formulations coming under price control, thus slowing down growth. At present, about 7% of the Indian market is under price control. These factors have increased the uncertainty on the extent of molecules that could be brought under the scanner of price control in the near future.

Gestation period for new product launch have become longer due to increasingly stringent norms by regulators in the conduct of clinical trials and the data thereof.

The industry growth is largely driven by chronic disease segments viz. cardiovascular, diabetes, asthma, cancer, and largely influenced by changing lifestyles. Intense price pressure in semi-regulated markets, emergence of new local players affecting the branded generic prices, delay in approval of manufacturing facilities by regulated authorities and increased regulatory intervention in price fixation for domestic formulations are threats which the Company faces.

3) Segment wise performance

The Company is exclusively engaged in pharmaceutical business and operates across segments ranging from Global Formulations and Active Pharmaceutical Ingredients (API) to Global Generics and Biotech.

Global Formulation division catering to domestic market and rest of the world market achieved sales of Rs. 153 crores registering a growth of 9.8%. The Company has strengthened its presence in the market by leveraging the existing brands to get newer products launched. The Company also took a host of other initiatives such as increasing the in-clinic effectiveness of the field force through extensive scientific training, emphasis on Focus brands, innovative promotional strategies. These initiatives are expected to reap benefits in the current year too. In the export market, the revenues grew to Rs. 17.21 crores from Rs. 12.04 crores, where the emphasis has been the immunosuppressant products to Asian, African and Latin American markets. Focus brands achieved growth of 20%.

The Global Generics business achieved net sales of Rs. 18.90 crores registering a growth of 9% over the previous year. The increased focus on existing clients in Canada, UK and manufacture of Azathioprine in immunosuppressants,



APIs and oral solid dosage forms has increased the market share and contributed to growth. Your Company expects to increase the footprint of its flagship product Azathioprine Tablets in all strengths by launching in European countries. The Bulk Drug business achieved net sales of Rs. 35.59 crores registering a growth of 27% over the last year. The Biotech business achieved net sales of Rs. 21.51 crores.

4) Outlook

The growth estimate for the domestic Formulation Industry is pegged at 8% and 9%. In comparison to the Industry growth prediction, the Company has taken a growth target of 13% for products promoted through trade channels. In light of the initiatives detailed above, the outlook of the business looks positive.

5) Risks and Concerns

Some of the key brands of your Company are under DPCO. The new pricing policy implemented by the Government will put a pressure on the margins of the Company going forward. The regulatory environment all over the world is becoming more and more stringent. This will make the entry strategy into various geographies more challenging.

6) Internal Control Systems and their adequacy

The Company has set up internal control procedures commensurate with its size and nature of the business. These business procedures ensure optimum use and protection of the resources and compliance with the policies, procedures and statutes. The internal control systems provide for well-defined policies, guidelines and authorizations and approval procedures. The prime objective of such audits is to test the adequacy and effectiveness of the internal controls laid down by management and to suggest improvements.

7) Financial performance with respect to operational performance

The total income during the year stood at Rs. 237.91 crores,

while Profit Before Depreciation, Interest and Tax (PBDIT) and Profit Before Tax (PBT) stood at Rs. 14.04 crores and Rs. 0.83 crores, respectively. Adding thereto income received from exceptional item in the form of sale of land, the net profit was Rs. 53.40 crores as against Rs. 4.41 crores in the previous year. During the year, the Company repaid long term borrowing to the extent of Rs. 9.21 crores.

8) Material developments in human resources/ industrial front

In the study conducted by "Great Place to Work Institute", your Company is recognized as one of India's Best Companies in the Pharmaceuticals & Biotechnology industry for the second consecutive year in 2013. Your Company has ranked 8th as "Asia's Best - Employer Brand" and also been awarded with "Continuous Innovation in HR Strategy at Work" and "Innovation in Recruitment".

Your Company firmly believes that people are its most valued resource and their efficiency plays a key role in achieving defined goals and building a competitive work environment. In its pursuit to attract, retain and develop best available talents, several programmes are regularly conducted at various levels across the Company. Employee relations continued to be cordial and harmonious across all levels and all the units of the Company.

Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could influence the Company's operations include economic developments within the country, demand and supply conditions in the industry, input prices, changes in Government regulations and tax laws.



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 strength of the Board is eight directors. Mr. H. V. Goenka is a Non Executive Chairman of the Board. Mr. Ajit Singh Chouhan is the Managing Director and Mr. C. Vinayaraghavan is a Non-Executive 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 7, 2013, July 26, 2013, October 18, 2013 and February 7, 2014.



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, 2014 are as under:

Name	Category	No. of Board meetings held	No. of Board meetings attended	Whether attended last AGM held on 26.07.2013	No. of directorship in other public limited companies	Committee positions in other companies**	
						Chairman	Member
Mr. H. V. Goenka Chairman	Non-Executive & Non-Independent	4	4	Yes	6	-	-
Mr. C. L. Jain	Non-Executive & Independent	4	4	Yes	4	1	3
Dr. Lalit S. Kanodia	Non-Executive & Independent	4	4	Yes	5	-	-
Mr. Mahesh S. Gupta	Non-Executive & Independent	4	4	Yes	7	3	3
Mr. Manoj Maheshwari	Non-Executive & Independent	4	2	Yes	5	-	3
Mr. P. K. Mohapatra	Non-Executive & Independent	4	3	Yes	6	-	5
Mr. C. Vinayaraghavan	Non-Executive	4	NIL*	No	5	-	-
Mr. R. A. Shah Alternate Director	Non-Executive & Independent	4	4	Yes	14	4	5
Mr. Ajit Gulabchand***	Non-Executive & Independent	4	NIL	No	N.A.	N.A.	N.A.
Mr. Ajit Singh Chouhan Managing Director	Executive	4	4	Yes	2	-	2

* Mr. R. A. Shah is an Alternate Director to Mr. C. Vinayaraghavan.

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

*** Mr. Ajit Gulabchand resigned from the Directorship of the Company w.e.f. November 13, 2013.

4. Audit Committee

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 Auditors and Internal Auditors 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 7, 2013, July 26, 2013, October 18, 2013 and February 7, 2014.

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. P. K. Mohapatra	3
Mr. Ajit Singh Chouhan	4



5. Remuneration/Compensation Committee

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, a meeting of the Remuneration/ Compensation Committee was held on May 7, 2013.

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	1
Dr. Lalit S. Kanodia	1
Mr. P. K. Mohapatra	NIL

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 Audit Committee and Remuneration/ Compensation 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.

Details of remuneration of the Directors during the financial year 2013-14 are as under:

Name of the Director	Sitting Fees (Rs.)
Mr. H. V. Goenka	80,000
Mr. C. L. Jain	1,30,000
Mr. Ajit Gulabchand	NIL
Dr. Lalit S. Kanodia	90,000
Mr. Mahesh S. Gupta	1,20,000
Mr. Manoj Maheshwari	40,000
Mr. P. K. Mohapatra	90,000
Mr. C. Vinayaraghavan	NIL
Mr. R. A. Shah	80,000

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.

The elements of remuneration paid to Mr. Ajit Singh Chouhan, Managing Director during the financial year 2013-14 are as under:

(Rs. In lacs)

Name of the Director	Salary	Perquisites	Retiral Benefits
Mr. Ajit Singh Chouhan	170.22	0.07	14.08

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 under the Employees Stock Option Plan. Out of this, option for 6,240 equity shares have been vested and are unexercised. However, at the Remuneration/Compensation Committee Meeting held on August 9, 2012, in the interest of the employee option holders, remaining options were cancelled and in lieu thereof compensated with performance bonus.



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.

During the financial year, four meetings of the Shareholders'/ Investors' Grievance Committee were held on May 7, 2013, July 26, 2013, October 18, 2013 and February 7, 2014.

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

The 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, 2014 are as under:

Sr. No.	Type of complaints	Number of Complaints		
		Received	Resolved	Pending
1	Non-receipt of share certificates	10	10	0
2	Non-receipt of dividend warrant	17	17	0
3	Non-receipt of Annual Report	4	4	0
Total:		31	31	0

8. General Body Meeting

The details of the last three Annual General Meetings are as under:

AGM for the period/ year ended	Venue	Date	Time	Special Resolutions passed
4 th AGM, March 31, 2011	Ravindra Natya Mandir P.L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai 400 025	July 28, 2011	3.30 p.m.	1*
5 th AGM March 31, 2012	Ravindra Natya Mandir P.L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai 400 025.	August 9, 2012	3.30 p.m	2**
6 th AGM March 31, 2013	Ravindra Natya Mandir P.L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai 400 025.	July 26, 2013	11.00 a.m	1***



*The details of Special Resolution passed at the 4th 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. Ajit Singh Chouhan, Managing Director.

** The details of Special Resolution passed at the 5th AGM is as under:

- 1) Resolution for Partial modification of the resolution passed at the 5th AGM of the Company held on July 28, 2011 relating to the remuneration payable to Mr. Ajit Singh Chouhan, Managing Director of the Company.
- 2) Resolution for Alteration of Article 165 of the Articles of Association of the Company relating to Common Seal of the Company, its custody, use and execution.

*** The details of Special Resolution passed at the 6th 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 re-appointment of Mr. Ajit Singh Chouhan as Managing Director of the Company.

During the financial year 2013-14, 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 Board Members and Senior Management, 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) The 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 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 '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	7 th Annual General Meeting on Thursday, September 25, 2014 at 11.00 a.m. at Ravindra Natya Mandir, P.L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai 400 025.
(ii)	Financial Year	April 1 - March 31
(iii)	Date of Book Closure	September 15, 2014 to September 25, 2014 (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 BSE 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 2014-15.
(vi)	Stock Code	BSE - 532983 NSE - RPGLIFE
(vii)	ISIN Code	INE105J01010



(viii) Market Price Data

Month	BSE		NSE		SENSEX	
	High	Low	High	Low	High	Low
April 2013	71.65	56.05	72.80	56.00	19622.68	18144.22
May	74.70	60.10	74.80	61.00	20443.62	19451.26
June	77.90	60.00	77.80	58.60	19860.19	18467.16
July	69.40	60.15	70.00	60.10	20351.06	19126.82
August	62.30	52.05	62.60	54.05	19569.20	17448.71
September	65.00	54.05	66.00	55.95	20739.69	18166.17
October	73.85	61.00	78.00	61.00	21205.44	19264.72
November	85.50	59.50	87.95	66.15	21321.53	20137.67
December	81.40	69.80	81.60	71.00	21483.74	20568.70
January 2014	78.50	47.40	76.70	47.50	21409.66	20343.78
February	57.65	45.00	55.55	44.60	21140.51	19963.12
March	61.00	47.50	61.70	47.25	22467.21	20920.98

(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

(x) Grievance Redressal

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

(xi) 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.

(xii) Distribution of Shareholding

- The distribution of shareholding as on March 31, 2014 was as under:

Nominal Value of Shareholding	No. of Shareholders	% of Shareholders	Share Amount (Rs.)	% of Share Amount
Upto 5000	12,846	92.83	1,45,11,784	10.97
5001 to 10000	521	3.76	38,29,552	2.91
10001 to 20000	241	1.74	35,14,944	2.65
20001 to 30000	67	0.48	16,38,984	1.24
30001 to 40000	47	0.34	16,54,872	1.25
40001 to 50000	23	0.17	10,46,552	0.79
50001 to 100000	39	0.28	28,22,936	2.13
100001 and above	55	0.40	10,32,62,304	78.06
Total:	13,839	100.00	13,22,81,928	100.00



• Shareholding Pattern as on March 31, 2014

Category	No. of Shares	%
Promoters	1,01,54,790	61.41
Insurance Companies	2,89,979	1.75
Foreign Institutional Investors	1,20,630	0.73
Mutual Funds/ Banks	3,475	0.02
Non Resident Indians	80,538	0.48
Public	58,85,829	35.60
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	1,60,80,670	97.25	10,299	74.44
Physical Form	4,54,571	2.75	3,536	25.56
Total:	1,65,35,241	100.00	13,835	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, 2014, the Company does not have any outstanding convertible instruments, which are likely to have an impact on the equity of the Company.

(xiv) Plant Locations

Bulk Drugs (Biotech)	Bulk Drugs (Synthetic)	Pharma Formulations
Plot No. 2702/ A, G.I.D.C. 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, G.I.D.C. Industrial Estate, Ankleshwar 393 002, Dist. Bharuch (Gujarat).

(xv) Address for Correspondence

Mr. Rajesh Shirambekar
Head - Legal & Company Secretary
25, M.I.D.C. Land,
Thane-Belapur Road,
Navi Mumbai 400 705,
Maharashtra.
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, 2014.

Place: Mumbai
Date: April 30, 2014

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

I have examined the compliance of conditions of Corporate Governance by RPG Life Sciences Limited for the year ended March 31, 2014, 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. My 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 my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

For Vikram P. Gandhi
Practicing Company Secretary

Place: Mumbai
Date: April 30, 2014

Vikram Gandhi
Proprietor
Membership No.: 2074
C.P. No.: 651



INDEPENDENT AUDITORS' REPORT

To the Members of RPG Life Sciences Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of RPG Life Sciences Limited (the 'company'), which comprise the Balance Sheet as at 31st March, 2014 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

2. The company's management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the Accounting Standards notified under the Companies Act, 1956 of India (the 'Act') read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 of India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2014;
 - (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by 'The Companies (Auditor's Report) Order, 2003', as amended by 'The Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act (hereinafter referred to as the 'Order') 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.
8. As required by Section 227(3) of the Act, 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 of India;
 - (e) On the basis of written representations received from the directors as on 31st March, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

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

Himanshu Goradia
Partner

Mumbai, 30th April, 2014

Membership No. 45668

**ANNEXURE TO INDEPENDENT AUDITORS' REPORT**

[Referred to in paragraph 7 of the Independent Auditors' Report of even date to the members of RPG Life Sciences Limited on the financial statements as of and for the year ended 31st March, 2014]

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 have been noticed on such verification.
(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 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, the provisions of Clause 4(iii)(b) to 4(iii)(d) of the Order are not applicable to the company.
(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, the provisions of Clause 4(iii)(f) and 4(iii)(g) of the Order are not applicable to the company.
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. The company's operations do not involve sale of services. 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. According to the information and explanations given to us, there have been no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Act. Accordingly, the provisions of Clause 4(v)(b) of the Order are not applicable to the company.
6. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Sections 58A and 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 the nature of its business.
8. We have broadly reviewed the books of account maintained by the company in respect of 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 and other material statutory dues, as applicable, with the appropriate authorities.
(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 and customs duty which have not been deposited on account of any dispute. The particulars of dues of sales tax, service tax and excise duty as at 31st March, 2014 which have not been deposited on account of a dispute, are as follows –



Name of the statute	Nature of dues	Amount Rs. in lakhs*	Period to which the amount relates	Forum where the dispute is pending
Local Sales Tax Acts and Central Sales Tax Act	Sales/Purchase tax including interest and penalty as applicable	118	Several demands pertaining to the period 1994-1995 and 1997-1998 to 2000-2001	Appellate Authority – up to Commissioner’s level
The Finance Act, 1994	Service tax including interest and penalty as applicable	237	Several demands pertaining to the period April 2006 to June 2010	Appellate Authority – up to Commissioner’s level
The Central Excise Act, 1944	Excise duty including interest and penalty as applicable	42	Several demands pertaining to the period 1994 to 1996	Appellate Authority – up to Commissioner’s level
		11	Several demands pertaining to the period 1990 to 1994 and 1996-1997	Customs, Excise & Service Tax Appellate Tribunal

*Net of amounts paid including under protest.

10. The company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial 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 as at the Balance Sheet date.
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. Accordingly, the provisions of Clause 4(xii) of the Order are not applicable to the company.
13. As the provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the company, the provisions of Clause 4(xiii) of the Order are not applicable to the company.
14. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the company.
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. Accordingly, the provisions of Clause 4(xv) of the Order are not applicable to the company.
16. In our opinion and according to the information and explanations given to us, the term loans have been applied, on an overall basis, for the purposes for which they were obtained.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short-term basis 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. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the company.
19. The company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the company.
20. The company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the company.
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, except for fraud on the company during the year discussed in Note 34 to the Financial Statements, regarding unauthorised transfer of funds aggregating to Rs. 241 lakhs through internet banking from a bank account of the company to certain unknown accounts and for which the management, apart from proceeding with the legal action against such unknown parties, recovered Rs. 241 lakhs, we have neither come across any instance of material fraud on or by the company, noticed or reported during the year, nor have we been informed of any such case by the management.

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

Himanshu Goradia
Partner
Membership No. 45668

Mumbai, 30th April, 2014



BALANCE SHEET AS AT 31ST MARCH, 2014

	Note	As at 31st March, 2014		As at 31st March, 2013	
		Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
Equity and Liabilities					
Shareholders' Funds					
Share Capital	3	1,323		1,323	
Reserves and Surplus	4	11,253		6,300	
			12,576		7,623
Non-Current Liabilities					
Long-term Borrowings	5	36		1,052	
Deferred Tax Liabilities (Net)	6	170		294	
Other Long-term Liabilities	7	306		315	
Long-term Provisions	8	142		125	
			654		1,786
Current Liabilities					
Short-term Borrowings	9	1,368		3,709	
Trade Payables	10	3,702		4,743	
Other Current Liabilities	11	519		2,401	
Short-term Provisions	12	788		314	
			6,377		11,167
	Total		<u>19,607</u>		<u>20,576</u>
Assets					
Non-Current Assets					
Fixed Assets					
Tangible Assets	13	8,709		8,283	
Intangible Assets		1,896		2,009	
Capital Work-in-Progress		84		126	
		10,689		10,418	
Long-term Loans and Advances	14	516		227	
			11,205		10,645
Current Assets					
Inventories	15	3,777		2,937	
Trade Receivables	16	3,634		4,929	
Cash and Bank Balances	17	70		78	
Short-term Loans and Advances	18	921		1,146	
Other Current Assets	19	-		841	
			8,402		9,931
	Total		<u>19,607</u>		<u>20,576</u>

The Notes are an integral part of the Financial Statements.

In terms of our report of even date

For and on behalf of the Board

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

H. V. Goenka
Chairman

Ajit Singh Chouhan
Managing Director

P. K. Mohapatra
Director

Sachin Raole
Chief Financial Officer

Himanshu Goradia
Partner
Membership No. 45668

Rajesh Shirambekar
Company Secretary

Mumbai, 30th April, 2014

Mumbai, 30th April, 2014



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

	Note	Year ended 31st March, 2014		Year ended 31st March, 2013	
		Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
Revenue					
Revenue from Operations (Gross)	23	24,433		22,945	
Less: Excise Duty		900		781	
Revenue from Operations (Net)		23,533		22,164	
Other Income	24	258		178	
Total Revenue			23,791		22,342
Expenses					
Cost of Materials Consumed	25	6,581		5,479	
Purchases of Stock-in-Trade		1,943		1,880	
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	26	(849)		285	
Employee Benefits Expense	27	6,218		5,520	
Finance Costs	28	260		744	
Depreciation and Amortisation Expense		1,061		987	
Provision for Doubtful Debts and Advances (Net)	33	689		34	
Other Expenses	29	7,805		7,359	
Total Expenses			23,708		22,288
Profit before Exceptional Items and Tax			83		54
Exceptional Items	32		6,414		-
Profit before Tax			6,497		54
Tax Expense					
For the year					
Current Tax		1,501		48	
Less: Minimum Alternate Tax Credit Entitlement		282		48	
Net Current Tax		1,219		-	
Deferred Tax		(190)		(187)	
		1,029		(187)	
For earlier years					
Current Tax		(40)		1	
Provision for Minimum Alternate Tax Credit Entitlement		102		-	
Net Current Tax		62		1	
Deferred Tax		66		(201)	
		128		(200)	
Profit for the year			1,157		(387)
Earnings per Share - Rs. per Equity Share of Rs. 8 each [Refer Note 49]			5,340		441
Basic			32.29		2.67
Diluted			32.29		2.67

The Notes are an integral part of the Financial Statements.

In terms of our report of even date

For and on behalf of the Board

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

H. V. Goenka
Chairman

Ajit Singh Chouhan
Managing Director

P. K. Mohapatra
Director

Sachin Raole
Chief Financial Officer

Himanshu Goradia
Partner
Membership No. 45668
Mumbai, 30th April, 2014

Rajesh Shirambekar
Company Secretary
Mumbai, 30th April, 2014

**Notes forming part of the Financial Statements as at and for the year ended 31st March, 2014****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 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**(a) Basis of Preparation**

These financial statements are prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to General Circular 15/2013 dated 13th September, 2013 read with General Circular 08/2014 dated 4th April, 2014, till the Standards of Accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 (the 'Act') shall continue to apply. Consequently, these financial statements are prepared to comply in all material aspects with the Accounting Standards notified under sub-section (3C) of Section 211 of the Act and the other relevant provisions of the Act.

All assets and liabilities are classified as current or non-current as per the company's normal operating cycle and other criteria set out in Schedule VI to the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current - non-current classification of assets and liabilities.

(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 costs 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 except for the fixed assets acquired under the Scheme of Arrangement [Refer Note 1] which are depreciated/amortised over estimated useful lives as per the Scheme of Arrangement. The estimated useful lives of the fixed assets acquired under the Scheme of Arrangement are as under:

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

Leasehold Lands are 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.

**Notes forming part of the Financial Statements as at and for the year ended 31st March, 2014**

Fixed assets retired from active use and held for disposal are stated at the lower of net book value and net realisable value and are disclosed under Other Current Assets. Any expected loss is recognised immediately in the Statement of Profit and Loss.

Assessment is carried out at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. 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) 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.

(d) 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 Statement of Profit and Loss.

(e) 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 Statement of Profit and Loss 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 Statement of Profit and Loss.

(f) Revenue Recognition

Sales are recognised when the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract and are recognised net of trade discounts, rebates, sales taxes and excise duties.

Income from Product Development is recognised on the basis of contractual arrangements.

(g) Employee Benefits

(i) 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 Statement of Profit and Loss as incurred.

(ii) 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.

**Notes forming part of the Financial Statements as at and for the year ended 31st March, 2014**

(iii) Other Employee Benefits

- (a) Accumulated Compensated Absences which are expected to be availed or encashed within 12 months from the end of the year are treated as short-term employee benefits. The obligation towards the same is measured at the expected cost of Accumulating Compensated Absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.
- (b) Accumulated Compensated Absences which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long-term employee benefits. Liability for such benefits 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.

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

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

(h) 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.

(i) 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.

(j) Taxes on Income

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws.

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. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the company reassesses unrecognised deferred tax assets, if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit entitlement asset is written down to the extent there is no longer a convincing evidence to the effect that the company will pay normal income tax during the specified period.



Notes forming part of the Financial Statements as at and for the year ended 31st March, 2014

3. Share Capital

	As at 31st March, 2014	As at 31st March, 2013
	Rs. in lakhs	Rs. in lakhs
Authorised		
18,750,000 Equity Shares of Rs. 8 each	1,500	1,500
Issued, Subscribed and Paid-up		
16,535,241 Equity Shares of Rs. 8 each fully paid-up	<u>1,323</u>	<u>1,323</u>

	As at 31st March, 2014		As at 31st March, 2013	
	No. of Shares	Rs. in lakhs	No. of Shares	Rs. in lakhs
(a) Reconciliation of Number of Shares				
Number of shares outstanding as at the beginning of the year	<u>16,535,241</u>	<u>1,323</u>	<u>16,535,241</u>	<u>1,323</u>
Number of shares outstanding as at the end of the year	<u>16,535,241</u>	<u>1,323</u>	<u>16,535,241</u>	<u>1,323</u>

(b) The company has only one class of shares i.e. Equity Shares having a face value of Rs. 8 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

(c) List of shareholders holding more than 5% shares as at the Balance Sheet date

<u>Name of the Shareholder</u>	As at 31st March, 2014		As at 31st March, 2013	
	No. of shares	% of holding	No. of shares	% of holding
Swallow Associates LLP	5,017,522	30.34	4,228,089	25.57
Instant Holdings Limited	2,727,659	16.50	2,701,200	16.34
Summit Securities Limited	1,774,108	10.73	1,774,708	10.73

(d) Shares reserved for issue under options

Refer Note 30 for details of shares to be issued under the Employee Stock Option Plan.



Notes forming part of the Financial Statements as at and for the year ended 31st March, 2014

	As at		As at	
	31st March, 2014		31st March, 2013	
	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
4. Reserves and Surplus				
Capital Reserve		5		5
General Reserve				
Balance as at the beginning of the year	330		308	
Add: Transfer from Surplus in Statement of Profit and Loss	<u>534</u>		<u>22</u>	
Balance as at the end of the year		864		330
Securities Premium Account		3,443		3,443
Surplus				
Balance as at the beginning of the year	2,522		2,335	
Profit for the year as per Statement of Profit and Loss	<u>5,340</u>		<u>441</u>	
		<u>7,862</u>		<u>2,776</u>
Less: Appropriations				
Proposed Dividend	331		198	
Tax on Proposed Dividend	56		34	
Transfer to General Reserve	<u>534</u>		<u>22</u>	
Balance as at the end of the year		<u>6,941</u>		<u>2,522</u>
		<u><u>11,253</u></u>		<u><u>6,300</u></u>
5. Long-term Borrowings				
Secured				
Term Loans				
From a Bank	26		26	
From a Financial Institution	<u>-</u>		<u>1,001</u>	
	26		1,027	
Finance Lease Obligations	<u>4</u>		<u>10</u>	
		30		1,037
Unsecured				
Finance Lease Obligations		<u>6</u>		<u>15</u>
		<u><u>36</u></u>		<u><u>1,052</u></u>

(a) Nature of security and terms of repayment for secured borrowings

	Nature of Security	Terms of Repayment
(i)	Terms Loans from a Bank are secured by hypothecation of specific assets purchased under loans.	Repayable in 36 Equated Monthly Installments beginning from the time loan is taken along with interest ranging from 10.25% to 11.25%.
(ii)	Terms Loans from a Financial Institution are secured by first charge on all fixed assets (movable and immovable) at Ankleshwar Factory and second charge on entire current assets at Thane / Ankleshwar Factory. The loan mentioned in (c) is also secured by a first charge on the specific moveable fixed assets to be financed out of the term loan at Thane.	(a) Loan of - Nil (Previous year Rs. 667 lakhs): Repayable in 12 equal quarterly installments from 28th April, 2011 along with interest at 12% per annum.



Notes forming part of the Financial Statements as at and for the year ended 31st March, 2014

- (b) Loan of - Nil (Previous year Rs. 656 lakhs): Repayable in 16 quarterly installments beginning from 14th February, 2013 along with interest at 11.5% per annum.
- (c) Loan of - Nil (Previous year Rs. 708 lakhs): Repayable in 16 quarterly installments beginning from 20th February, 2013 along with interest at 12.7% per annum.

The amounts mentioned in (a), (b) and (c) above includes installments falling due up to 31st March, 2015 aggregating to - Nil (Previous year Rs. 1,030 lakhs) which have been disclosed under "Current Maturities of Long-term Borrowings" [Refer Note 11].

(iii) Finance Lease Obligations are secured by hypothecation of assets underlying the leases.

Monthly payment of Equated Monthly Installments beginning from the month subsequent to taking the lease.

(b) Terms of repayment for unsecured Finance Lease Obligations

Repayable in 12 Equated Quarterly Installments beginning from 1st December, 2012 along with interest at 14.36% per annum.

	As at 31st March, 2014		As at 31st March, 2013	
	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
6. Deferred Tax Liabilities (Net)				
Deferred Tax Liabilities				
Depreciation/Amortisation	905		858	
Others	75		74	
		980		932
Less: Deferred Tax Assets				
Unabsorbed Depreciation and Tax Losses	400		407	
Disallowances under Section 40(a) of the Income-tax Act, 1961	89		89	
Interest Income not received but considered as taxable under the Income-tax Act, 1961	-		66	
Statutory Liabilities	93		64	
Provision for Doubtful Debts and Advances	228		12	
		810		638
		<u>170</u>		<u>294</u>
7. Other Long-term Liabilities				
Deposits from Dealers		306		315
8. Long-term Provisions				
Provision for Employee Benefits - Provision for Compensated Absences [Refer Note 45(C)]		142		125



Notes forming part of the Financial Statements as at and for the year ended 31st March, 2014

	As at		As at	
	31st March, 2014		31st March, 2013	
	Rs. in lakhs		Rs. in lakhs	
9. Short-term Borrowings				
Secured Working Capital Loans Repayable on Demand				
From Banks		1,368		2,709
From a Financial Institution		-		1,000
		<u>1,368</u>		<u>3,709</u>

Working Capital Loans are secured by hypothecation of inventory and book debts and second charge on immovable assets at Thane / Ankleshwar Factory.

10. Trade Payables				
Micro and Small Enterprises		-		-
Others		3,702		4,743
		<u>3,702</u>		<u>4,743</u>

Note: 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.

	As at		As at	
	31st March, 2014		31st March, 2013	
	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
11. Other Current Liabilities				
Current Maturities of Long-term Borrowings [Refer Note 5]				
Term Loans from a Bank	33		25	
Term Loans from a Financial Institution	-		1,030	
		33		1,055
Current Maturities of Finance Lease Obligations [Refer Note 5]		14		13
Current Maturities of Fixed Deposits#		-		461
Interest accrued but not due on Borrowings		-		46
Unpaid Dividends*		41		38
Unpaid Matured Fixed Deposits*		6		-
Unpaid Interest on Fixed Deposits*		9		9
Employee Benefits Payable		87		425
Statutory Dues		264		259
Payables for Fixed Assets		4		24
Advances from Customers		61		71
		<u>519</u>		<u>2,401</u>

#Terms of Repayment - Repayable on maturity ranging from 2 years to 3 years along with interest ranging from 9% to 10% per annum.

*There are no amounts due for payment to the Investor Education and Protection Fund under Section 205C of the Act as at the year end.

12. Short-term Provisions				
Provision for Employee Benefits				
Provision for Gratuity [Refer Note 45(B)]	13		-	
Provision for Compensated Absences [Refer Note 45(C)]	92		82	
		105		82
Provision for Current Taxation [Net of Payments of Rs. 1,274 lakhs (Previous year - Nil)]		296		-
Proposed Dividend		331		198
Tax on Proposed Dividend		56		34
		<u>788</u>		<u>314</u>


Notes forming part of the Financial Statements as at and for the year ended 31st March, 2014

	As at		As at	
	31st March, 2014		31st March, 2013	
	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
14. Long-term Loans and Advances				
(Unsecured, Considered Good unless otherwise stated)				
Capital Advances		-		19
Security Deposits				
Considered Good	57		56	
Considered Doubtful	-		7	
	<u>57</u>		<u>63</u>	
Less: Provision for Doubtful Security Deposits	-		7	
		57		56
Loans to Employees		6		10
Balances with Government Authorities		42		47
Current Taxation [Net of Provision of - Nil (Previous year Rs. 430 lakhs)]		-		95
Minimum Alternate Tax Credit Entitlement		411		-
		<u>516</u>		<u>227</u>
15. Inventories				
(At lower of cost and net realisable value)				
Raw Materials		685		721
Work-in-Progress		627		543
Finished Goods		1,700		925
Stock-in-Trade		494		504
Stores and Spares		78		41
Packing Materials		193		203
		<u>3,777</u>		<u>2,937</u>
16. Trade Receivables				
Outstanding for a period exceeding six months from the date they were due for payment				
Secured, Considered Good	6		2	
Unsecured, Considered Good	520		181	
Unsecured, Considered Doubtful	856		200	
	<u>1,382</u>		<u>383</u>	
Less: Provision for Doubtful Debts	856		200	
		526		183
Others				
Secured, Considered Good	43		36	
Unsecured, Considered Good	3,065		4,710	
		<u>3,108</u>		<u>4,746</u>
		<u>3,634</u>		<u>4,929</u>


Notes forming part of the Financial Statements as at and for the year ended 31st March, 2014

	As at		As at	
	31st March, 2014		31st March, 2013	
	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
17. Cash and Bank Balances				
Cash and Cash Equivalents				
Balances with Banks on Current Accounts		27		18
Cash on Hand		<u>2</u>		<u>2</u>
				20
29				
Other Bank Balances				
Long-term Deposits with maturity more than 3 months but less than 12 months		-		20
Unpaid Dividend Accounts		<u>41</u>		<u>38</u>
				58
41				
		<u>70</u>		<u>78</u>
18. Short-term Loans and Advances				
(Unsecured, Considered Good unless otherwise stated)				
Security Deposits				
Considered Good		37		79
Considered Doubtful		<u>15</u>		<u>15</u>
				94
52				
Less: Provision for Doubtful Security Deposits		<u>15</u>		<u>15</u>
				79
37				
Loans and Advances recoverable in cash or in kind or for value to be received				
Considered Good		391		406
Considered Doubtful		<u>36</u>		<u>47</u>
				453
427				
Less: Provision for Doubtful Loans and Advances		<u>36</u>		<u>47</u>
				406
391				
Balances with Government Authorities				430
		493		
Minimum Alternate Tax Credit Entitlement				<u>231</u>
				1,146
921				
19. Other Current Assets				
Assets held for Sale [Refer Notes 13 and 32]				<u>841</u>


Notes forming part of the Financial Statements as at and for the year ended 31st March, 2014

	As at 31st March, 2014	As at 31st March, 2013
	Rs. in lakhs	Rs. in lakhs
20. Contingent Liabilities		
(a) Claims against the company not acknowledged as debts		
(i) Sales tax matters	118	118
(ii) Excise matters	53	53
(iii) Service tax matters	237	237
(b) Guarantee given to Gujarat Industrial Development Corporation	15	15
(c) Bank guarantees given to third parties	200	158
Notes:		
(i) Future cash outflows in respect of (a)(i) to (a)(iii) 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.		
21. Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 168 lakhs (Previous year Rs. 110 lakhs).		
	As at 31st March, 2014	As at 31st March, 2013
	Rs. in lakhs	Rs. in lakhs
22. Proposed Dividend		
Proposed Dividend (Rs. in lakhs)	331	198
Number of shares outstanding as at the end of the year	16,535,241	16,535,241
Dividend per Share (Rs. per Equity Share of Rs. 8 each)	2.00	1.20
	Year ended 31st March, 2014	Year ended 31st March, 2013
	Rs. in lakhs	Rs. in lakhs
23. Revenue from Operations		
Sale of Products	23,838	22,402
Other Operating Revenue		
Income from Product Development	43	136
Export Incentives	338	254
Sales tax Refunds	-	33
Sale of Scrap	124	92
Miscellaneous Income	90	28
	<u>595</u>	<u>543</u>
Revenue from Operations (Gross)	24,433	22,945
Less: Excise Duty	<u>900</u>	<u>781</u>
Revenue from Operations (Net)	<u><u>23,533</u></u>	<u><u>22,164</u></u>



Notes forming part of the Financial Statements as at and for the year ended 31st March, 2014

	Year ended		Year ended	
	31st March, 2014		31st March, 2013	
	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
24. Other Income				
Interest Income		11		8
Net Gain on Foreign Currency Transactions and Translation (other than considered as Finance Cost)		208		79
Liabilities no longer required written back		22		64
Insurance Claims		17		27
		<u>258</u>		<u>178</u>
25. Cost of Materials Consumed				
Raw Materials Consumed		5,850		4,729
Packing Materials Consumed		731		750
		<u>6,581</u>		<u>5,479</u>
26. Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade				
Opening Stock				
Work-in-Progress	543		632	
Finished Goods	925		1,181	
Stock-in-Trade	<u>504</u>		<u>444</u>	
		1,972		2,257
Closing Stock				
Work-in-Progress	627		543	
Finished Goods	1,700		925	
Stock-in-Trade	<u>494</u>		<u>504</u>	
		2,821		1,972
		<u>(849)</u>		<u>285</u>
27. Employee Benefits Expense				
Salaries, Wages and Bonus		5,279		4,637
Contribution to Provident and Other Funds [Refer Note 45(A)]		246		227
Gratuity [including prior period expense of - Nil (Previous year Rs. 8 lakhs)] [Refer Note 45(B)]		62		55
Compensated Absences		67		56
Staff Welfare Expenses		564		545
		<u>6,218</u>		<u>5,520</u>
28. Finance Costs				
Interest on Borrowings		256		740
Interest on Income-tax		28		-
Other Borrowing Costs		-		7
Net Gain on Foreign Currency Transactions and Translation		(24)		(3)
		<u>260</u>		<u>744</u>



Notes forming part of the Financial Statements as at and for the year ended 31st March, 2014

	Year ended		Year ended	
	31st March, 2014		31st March, 2013	
	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
29. Other Expenses				
Consumption of Stores and Spare Parts		699		600
Power and Fuel		1,029		876
Rent [Refer Note 48(II)]		128		118
Repairs and Maintenance				
Buildings	173		149	
Plant and Machinery	157		133	
Others	<u>71</u>		<u>77</u>	
		401		359
Insurance		175		135
Rates and Taxes				
Excise Duty	166		60	
Others	<u>348</u>		<u>308</u>	
		514		368
Processing Charges		249		274
Legal and Professional Charges		232		203
Travelling and Conveyance		981		944
License Fees		13		93
Directors' Fees		6		5
Printing and Stationery		75		69
Postage and Telephone		203		194
Freight and Distribution		488		502
Commission on Sales		504		487
Advertisement		11		9
Sales Promotion		216		207
Bad Debts and Advances written off	51		44	
Less: Provision	<u>(51)</u>		<u>(44)</u>	
		-		-
Loss on Sale/Disposal of Fixed Assets (Net)		3		3
Spoilages		379		440
Miscellaneous Expenses [Refer Note 31]		<u>1,499</u>		<u>1,473</u>
		<u>7,805</u>		<u>7,359</u>

**Notes forming part of the Financial Statements as at and for the year ended 31st March, 2014****30. 2005 Employee Stock Option Plan**

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 Enterprise 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 details of such equity shares granted are as follows:

(A) 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 Enterprise 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 in earlier years and 1,728 options remain outstanding as on 31st March, 2014.

- (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, 6,240 equity stock options remain outstanding as on 31st March, 2014 and the remaining equity stock options have lapsed / forfeited.

(B) 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. 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, 2,910 equity stock options remain outstanding as on 31st March, 2014 and the remaining equity stock options have lapsed / forfeited.

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.



Notes forming part of the Financial Statements as at and for the year ended 31st March, 2014

Movement in the Options under ESOP 2005:

Particulars	Year ended 31st March, 2014		Year ended 31st March, 2013	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding at the beginning of the year	10,878	Rs. 90.28	102,842	Rs. 89.72
Granted during the year	Nil	Not Applicable	Nil	Not Applicable
Forfeited during the year	Nil	Not Applicable	89,000	Rs. 89.30
Exercised during the year	Nil	Not Applicable	Nil	Not Applicable
Expired/lapsed during the year	Nil	Not Applicable	2,964	Rs. 100.12
Outstanding at the end of the year	10,878	Rs. 90.28	10,878	Rs. 90.28
Exercisable at the end of the year	10,878	Rs. 90.28	10,878	Rs. 90.28

The weighted average fair value of each stock option on the date of its grant is Rs. 41.34, 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. 91.33 on the date of grant (ii) Average Exercise Price: Rs. 90.70 (iii) Average Expected Volatility: 47.98% (iv) Average Option Life: 8 years (v) Average Expected Dividend Yield: 3.50%, and (vi) Average Risk Free Interest Rate: 8.08%. 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 for the year and Earnings per Share would have been as per the pro-forma amounts indicated below:

	Year ended 31st March, 2014	Year ended 31st March, 2013
	Rs. in lakhs	Rs. in lakhs
Profit for the year (as reported)	5,340	441
Less: Stock based employee compensation expense determined under fair value method	-	(18)
Net Profit for the year (under fair value method)	5,340	459
Weighted average number of equity shares (Basic)	16,535,241	16,535,241
Weighted average number of equity shares (Diluted)	16,536,089	16,536,204
Pro-forma Earnings per Share (Basic) (Rs.)	32.29	2.78
Pro-forma Earnings per Share (Diluted) (Rs.)	32.29	2.78

31. Auditors' Remuneration#

Audit Fees	24	19
Tax Audit Fees	5	5
Other Services	10	10
Reimbursement of Expenses	1	1
	<u>40</u>	<u>35</u>

#Included in Miscellaneous Expenses in Note 29.



Notes forming part of the Financial Statements as at and for the year ended 31st March, 2014

	Year ended	Year ended
	31st March, 2014	31st March, 2013
	Rs. in lakhs	Rs. in lakhs
36. Opening Stock of Finished Goods and Stock-in-Trade		
Pharmaceutical Preparations		
Tablets	580	747
Liquids	111	99
Injections - Ampoules	220	189
Capsules	81	86
Powder Pouches	21	13
Ointments	17	6
	1,030	1,140
Bulk Drugs and Chemicals	399	485
	1,429	1,625
37. Sales		
Pharmaceutical Preparations		
Tablets	14,058	13,387
Liquids	1,601	1,333
Injections - Ampoules	1,328	1,272
Capsules	859	909
Powder Pouches	122	201
Ointments	76	64
	18,044	17,166
Bulk Drugs and Chemicals	5,794	5,236
	23,838	22,402
38. Purchases of Stock-in-Trade		
Pharmaceutical Preparations		
Tablets	657	632
Liquids	244	154
Injections - Ampoules	862	805
Capsules	89	119
Powder Pouches	58	104
Ointments	33	35
	1,943	1,849
Bulk Drugs and Chemicals	-	31
	1,943	1,880



Notes forming part of the Financial Statements as at and for the year ended 31st March, 2014

	Year ended 31st March, 2014	Year ended 31st March, 2013
	Rs. in lakhs	Rs. in lakhs
39. Closing Stock of Finished Goods and Stock-in-Trade*		
Pharmaceutical Preparations		
Tablets	1,093	580
Liquids	166	111
Injections - Ampoules	191	220
Capsules	117	81
Powder Pouches	9	21
Ointments	<u>12</u>	<u>17</u>
	1,588	1,030
Bulk Drugs and Chemicals	<u>606</u>	<u>399</u>
	<u>2,194</u>	<u>1,429</u>
*Net of date expired stocks, free goods, damages, in-transit breakages, samples, etc.		
40. CIF Value of Imports		
Raw Materials	743	1,072
Components and Spare Parts	39	23
Capital Goods	146	51
41. Expenditure in Foreign Currency		
Travelling	58	39
Professional and Consultation Fees	13	1
Commission on Sales	138	157
Interest	-*	16
Others	273	147
*Amount is below the rounding off norm adopted by the Company.		
42. Earnings in Foreign Exchange		
FOB Value of Exports [Excluding FOB Value of Exports in Indian Rupees amounting to Rs. 311 lakhs (Previous year Rs. 195 lakhs)]	7,122	6,186
Freight and Insurance [Excluding Freight and Insurance on Exports in Indian Rupees amounting to Rs. 3 lakhs (Previous year Rs. 1 lakh)]	112	129
Income from Product Development	43	136
43. Revenue Expenditure on Research and Development		
Salaries and Wages	401	345
Consumable Stores	172	172
Utilities	45	48
Others	<u>137</u>	<u>172</u>
	<u>755</u>	<u>737</u>


Notes forming part of the Financial Statements as at and for the year ended 31st March, 2014
44. Forward Contracts and Unhedged Foreign Currency Outstanding Balances

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, 2014			As at 31st March, 2013		
	Number of	Sale	Rupees	Number of	Sale	Rupees
	Contracts	Amount	Equivalent	Contracts	Amount	Equivalent
		in lakhs	in lakhs		in lakhs	in lakhs
US Dollar	2	8	451	14	32	1,713
GBP	-	-	-	1	3	247
Euro	-	-	-	2	4	292

(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, 2014		As at 31st March, 2013	
	Amount in	Amount in	Amount in	Amount in
	Foreign	Rupees	Foreign	Rupees
	Currency	Rupees	Currency	Rupees
	in lakhs	in lakhs	in lakhs	in lakhs
Receivables				
Trade Receivables				
US Dollar	12	708	3	180
GBP	4	359	1	48
Euro	8	639	3	237
Payables				
Foreign Currency Loans from Banks				
US Dollar	13	762	-	-
Trade Payables				
US Dollar	-	-	3	158
Euro	3	222	1	101

45. Employee Benefits

(A) Defined Contribution Plans

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

	Year ended	Year ended
	31st March, 2014	31st March, 2013
	Rs. in lakhs	Rs. in lakhs
(i) Contribution to Provident Fund	112	105
(ii) Contribution to Employee's Superannuation Fund	29	22
(iii) Contribution to Employees' State Insurance Scheme	40	36
(iv) Contribution to Employees' Pension Scheme	65	64
	246	227



Notes forming part of the Financial Statements as at and for the year ended 31st March, 2014

(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, 2014	Year ended 31st March, 2013
(a) Discount Rate (per annum)	9.35%	8.00%
(b) Rate of increase in Compensation Levels	5.50%	5.50%
(c) Rate of Return on Plan Assets	8.70%	8.70%
(d) Expected Average remaining working lives of employees in number of years	13	13

	Year ended 31st March, 2014	Year ended 31st March, 2013
	Gratuity Rs. in lakhs	Gratuity Rs. in lakhs
(i) Changes in the Present Value of Obligation		
(a) Opening Present Value of Obligation	340	331
(b) Interest Cost	27	29
(c) Past Service Cost	-	-
(d) Current Service Cost	46	41
(e) Curtailment Cost/(Credit)	-	-
(f) Settlement Cost/(Credit)	-	-
(g) Benefits Paid	(48)	(64)
(h) Actuarial Loss/(Gain)	19	3
(i) Closing Present Value of Obligation	384	340
(ii) Changes in the Fair Value of Plan Assets		
(a) Opening Fair Value of Plan Assets	340	331
(b) Expected Return on Plan Assets	29	28
(c) Actuarial Gain/(Loss)	1	(2)
(d) Employers' Contributions	49	47
(e) Benefits Paid	(48)	(64)
(f) Closing Fair Value of Plan Assets	371	340
(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)	-	54%
(b) Debt Instruments	30%	31%
(c) Administered by Life Insurance Corporation of India	70%	15%


Notes forming part of the Financial Statements as at and for the year ended 31st March, 2014

	As at 31st March,				
	2014	2013	2012	2011	2010
	<u>Gratuity</u>	<u>Gratuity</u>	<u>Gratuity</u>	<u>Gratuity</u>	<u>Gratuity</u>
	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
(iv) Amount recognised in the Balance Sheet					
(a) Present Value of Obligation as at the year end	384	340	331	302	337
(b) Fair Value of Plan Assets as at the year end	371	340	331	302	337
(c) (Asset)/Liability recognised in the Balance Sheet	13	-	-	-	-
		Year ended		Year ended	
		31st March, 2014		31st March, 2013	
		Gratuity		Gratuity	
		Rs. in lakhs		Rs. in lakhs	
(v) Expenses recognised in the Statement of Profit and Loss					
(a) Current Service Cost			46		41
(b) Past Service Cost			-		-
(c) Interest Cost			27		29
(d) Expected Return on Plan Assets			(29)		(28)
(e) Curtailment Cost/(Credit)			-		-
(f) Settlement Cost/(Credit)			-		-
(g) Net Actuarial Loss/(Gain)			18		5
(h) Employees' Contribution			-		-
(i) Total Expenses recognised in the Statement of Profit and Loss			62		47

(C) Other Employee Benefits

Long-term and short-term liabilities for Compensated Absences as at the Balance Sheet date were Rs. 142 lakhs (Previous year Rs. 125 lakhs) and Rs. 92 lakhs (Previous year Rs. 82 lakhs) respectively.

	Year ended	Year ended
	31st March, 2014	31st March, 2013
	Rs. in lakhs	Rs. in lakhs

46. Segment Information
(A) Information in respect of Primary Segments

Refer Note (a) below

(B) Information in respect of Secondary Segments
(I) Segment Revenue

India	16,200	15,695
Other Countries	<u>7,591</u>	<u>6,647</u>
	<u>23,791</u>	<u>22,342</u>



Notes forming part of the Financial Statements as at and for the year ended 31st March, 2014

	Year ended	Year ended
	31st March, 2014	31st March, 2013
	Rs. in lakhs	Rs. in lakhs
(II) Carrying Amount of Segment Assets		
India	19,607	20,576
Other Countries	-	-
	<u>19,607</u>	<u>20,576</u>
(III) Capital Expenditure		
India	1,364	1,291
Other Countries	-	-
	<u>1,364</u>	<u>1,291</u>

Notes:

- The primary reporting of the company is based on the business segment. The company has only one reportable business segment which is manufacturing and marketing of pharmaceutical products. Accordingly, the figures appearing in these financial statements relate to pharmaceutical products.
- Secondary segment reporting is based on the geographical location of customers. Revenue is segregated in to two segments namely India and Other Countries for the purpose of reporting geographical segments.
- The accounting policies adopted for segment reporting are in line with the accounting policies adopted for the preparation of financial statements as disclosed in Note 2.

47. Related Party Disclosures

(A) Enterprise where control exists Swallow Associates LLP, India*@

*No transactions during the year

@In the previous year, consequent to acquisition of additional shares of the company by one of the subsidiaries of Swallow Associates Limited, a Promoter Group Company, the company became a subsidiary of Swallow Associates Limited with effect from 13th July, 2012 in terms of the provisions of sub-section (3) of Section 4 of the Act. However, on conversion of Swallow Associates Limited to Swallow Associates LLP, the company ceased to be a subsidiary of Swallow Associates Limited with effect from 31st October, 2012.

(B) Related party with whom the company had transactions during the year

Key Management Person Ajit Singh Chouhan

(C) Disclosure of transactions between the company and related party

	Year ended	Year ended
	31st March, 2014	31st March, 2013
	Rs. in lakhs	Rs. in lakhs
Key Management Person - Remuneration		
Ajit Singh Chouhan	184	166
	<u>184</u>	<u>166</u>


Notes forming part of the Financial Statements as at and for the year ended 31st March, 2014
48. Leases
(I) Disclosures for Finance Leases

The company has acquired certain Vehicles and Plant and Equipment 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, 2014			As at 31st March, 2013		
	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. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
Minimum Lease Payments outstanding as at the year end	17	10	-	18	26	-
Finance Charges to be recognised in subsequent years	3	-	-	5	4	-
Present Value of Minimum Lease Payments	14	10	-	13	22	-

(II) Disclosures for Operating Leases

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

	Year ended	Year ended
	31st March, 2014	31st March, 2013
	Rs. in lakhs	Rs. in lakhs
(a) Lease payments recognised in the Statement of Profit and Loss	128	118
(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	47	39
(ii) Later than one year and not later than five years	79	84
(iii) Later than five years	-	-

49. Earnings per Share

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

**Notes forming part of the Financial Statements as at and for the year ended 31st March, 2014**

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, 2014	Year ended 31st March, 2013
Profit for the year (Rs. in lakhs)	<u>5,340</u>	<u>441</u>
Weighted average number of Shares for Basic Earnings per Share	16,535,241	16,535,241
Add: Effect of Dilutive Potential Shares (Employee Stock Options)	<u>848</u>	<u>963</u>
Weighted average number of Shares for Diluted Earnings per Share	<u>16,536,089</u>	<u>16,536,204</u>
Earnings per Share (Rs. per Equity Share of Rs. 8 each)		
Basic	32.29	2.67
Diluted	32.29	2.67

50. Previous year's figures have been regrouped / reclassified where necessary.

Signatures to Notes 1 to 50

In terms of our report of even date

For and on behalf of the Board

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

H. V. Goenka
Chairman

Ajit Singh Chouhan
Managing Director

P. K. Mohapatra
Director

Sachin Raole
Chief Financial Officer

Himanshu Goradia
Partner
Membership No. 45668
Mumbai, 30th April, 2014

Rajesh Shirambekar
Company Secretary
Mumbai, 30th April, 2014



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	Year ended		Year ended	
	31st March, 2014		31st March, 2013	
	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
A. Cash flow from operating activities				
Net Profit before Tax		6,497		54
Adjustments for -				
Depreciation and Amortisation Expense	1,061		987	
Interest Income	(11)		(8)	
Liabilities no longer required written back	(22)		(64)	
Provision for Doubtful Debts and Advances (Net)	689		34	
Exceptional Items	(6,414)		-	
Loss on Sale/Disposal of Fixed Assets (Net)	3		3	
Interest Expense	284		740	
Unrealised Exchange Gain (Net)	(167)		(7)	
		(4,577)		1,685
Operating profit before working capital changes		1,920		1,739
Adjustments for -				
Trade and Other Receivables	739		(2,002)	
Inventories	(840)		(58)	
Trade and Other Payables	(1,305)		1,592	
		(1,406)		(468)
Cash generated from operations		514		1,271
Direct Taxes paid (net of refund of taxes)		(1,070)		(39)
Net cash (used in)/from operating activities		(556)		1,232
B. Cash flow from investing activities				
Purchases of Fixed Assets (including advances for capital expenditure)	(1,365)		(1,260)	
Exceptional Items				
Sale of Fixed Assets	7,025		-	
Interest received	242		-	
Sale of Fixed Assets	17		39	
Interest received	11		8	
Net cash from/(used in) investing activities		5,930		(1,213)



	Year ended		Year ended	
	31st March, 2014		31st March, 2013	
	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
C. Cash flow from financing activities				
Proceeds from Long-term Borrowings	42		517	
Repayment of Long-term Borrowings	(2,534)		(921)	
(Repayment of)/Proceeds from Short-term Borrowings (Net)	(2,314)		1,272	
Dividend paid	(195)		(130)	
Tax paid on Dividend	(34)		(22)	
Interest paid	(330)		(735)	
Net cash used in financing activities		(5,365)		(19)
Net increase in cash and cash equivalents		<u>9</u>		<u>-</u>
Cash and Cash Equivalents - Opening Balance		20		20
Cash and Cash Equivalents - Closing Balance		29		20

Notes:

1. 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 3(C) of Section 211 of the Companies Act, 1956 [Refer Note 2(a)].
2. Previous year figures have been regrouped where necessary.

In terms of our report of even date

For and on behalf of the Board

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

H. V. Goenka
Chairman

Ajit Singh Chouhan
Managing Director

P. K. Mohapatra
Director

Sachin Raole
Chief Financial Officer

Himanshu Goradia

Partner
Membership No. 45668

Rajesh Shirambekar
Company Secretary

Mumbai, 30th April, 2014

Mumbai, 30th April, 2014



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RPG LIFE SCIENCES LIMITED

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

CIN: L24232MH2007PLC169354

Tel: + 91-22-2498 1650 | Fax: + 91-22-2497 0127 | Email: info@rpglifesciences.com | Website: www.rpglifesciences.com

ATTENDANCE SLIP

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

DP ID No.		Registered Folio No.	
Client ID No.		No. of Share(s)	

I/ We hereby record my/ our presence at the 7th Annual General Meeting of the Company on Thursday, September 25, 2014, at 11.00 a.m. at Ravindra Natya Mandir, P.L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai - 400 025.

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

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



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FORM NO.MGT-11

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: L24232MH2007PLC169354

Name of the Company: RPG Life Sciences Limited

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

Name of the Member(s):

Registered Address:

Email ID:

Folio No./Client ID:

DP ID:

I/ We, being the member(s) of _____ share(s) of the above named company, hereby appoint:

- Name: _____ Address _____
E-mail Id: _____ Signature: _____ or falling him/her
- Name: _____ Address _____
E-mail Id: _____ Signature: _____ or falling him/her
- Name: _____ Address _____
E-mail Id: _____ Signature: _____ or falling him/her

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 7th Annual General Meeting of the Company, to be held on Thursday, September 25, 2014 at 11.00 a.m. at Ravindra Natya Mandir, P.L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai - 400 025 and at any adjournment thereof in respect of such resolutions as are indicated below:

- Adoption of audited Balance Sheet as at March 31, 2014, the Profit and Loss Account for the year ended on that date and the Report of the Directors and Auditors thereon.
- Declaration of dividend on equity shares of the Company for the year ended March 31, 2014.
- Re-appointment of Mr. C. Vinayaraghavan as a Director of the Company.
- Re-appointment of Statutory Auditors of the Company.
- Appointment of Mr. Narendra Ambwani as an Independent Director of the Company.
- Appointment of Mr. P. K. Mohapatra as an Independent Director of the Company.
- Appointment of Mr. Manoj Maheshwari as an Independent Director of the Company.
- Appointment of Mr. Mahesh Gupta as an Independent Director of the Company.
- Appointment of Mr. C. L. Jain as an Independent Director of the Company.
- Appointment of Dr. Lalit S. Kanodia as an Independent Director of the Company.
- Payment of Remuneration to Managing Director subject to Central Government Approval.
- Re-appointment of Cost Auditors of the Company.
- Authority to obtain loans/borrowings.
- Creation of mortgage and/or charge on all or any of the movable and/or immovable properties of the Company.

Signed this day of 2014

Signature of shareholder : _____

Signature of Proxy holder(s) : _____

Affix Revenue Stamp

Note : This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



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BALLOT FORM (In lieu of E-voting at the AGM)

1. Name and Registered address of the sole/ first named shareholder (in block letters) :
2. Name of the joint holder(s) if any :
3. Registered folio No. / DP ID No.* & Client ID No.*
(* Applicable to investors holding shares in dematerialized form)
4. Number of equity share(s) held :
5. I/We hereby exercise my/our vote(s) in respect of the following resolutions to be passed at the 7th Annual General Meeting of the Company to be held on Thursday, September 25, 2014 for the business stated in the Notice dated July 24, 2014 by sending my/our assent or dissent to the said resolutions by placing the tick (✓) mark at the appropriate box below.

Sr. No.	Brief description of the Resolution	No. of Equity share(s)	I/We assent to the resolution (FOR)	I/We dissent to the resolution (AGAINST)
1.	Adoption of audited Balance Sheet as at March 31, 2014, the Profit and Loss Account for the year ended on that date and the Report of the Directors and Auditors thereon.			
2.	Declaration of dividend on equity shares of the Company for the year ended March 31, 2014.			
3.	Re-appointment of Mr. C. Vinayaraghavan as a Director of the Company.			
4.	Re-appointment of Statutory Auditors of the Company.			
5.	Appointment of Mr. Narendra Ambwani as an Independent Director of the Company.			
6.	Appointment of Mr. P. K. Mohapatra as an Independent Director of the Company.			
7.	Appointment of Mr. Manoj Maheshwari as an Independent Director of the Company.			
8.	Appointment of Mr. Mahesh Gupta as an Independent Director of the Company.			
9.	Appointment of Mr. C. L. Jain as an Independent Director of the Company.			
10.	Appointment of Dr. Lalit S. Kanodia as an Independent Director of the Company.			
11.	Payment of Remuneration to Managing Director subject to Central Government Approval.			
12.	Re-appointment of Cost Auditors of the Company.			
13.	Authority to obtain loans/ borrowings.			
14.	Creation of mortgage and/or charge on all or any of the movable and /or immovable properties of the Company .			

Place:

Date:

(Signature of the shareholder)

Note: Last date of receipt of Ballot Form by the Scrutinizer: **September 18, 2014 before 06.00 p.m.**

Please read the instructions printed overleaf before exercising your vote.

Instructions:

1. A member desiring to exercise vote by physical ballot may complete this ballot form and send it to the Scrutinizer in the attached self-addressed envelope bearing the address of the Scrutinizer. Postage will be borne and paid by the Company. However, envelopes containing ballot form, if sent by courier at the expenses of the registered member will also be accepted.
2. This form should be completed and signed by the member. In case of joint holding, this form should be completed and signed (as per the specimen signature(s) registered with the Company) by the first named member and in his absence, by the next named member. Unsigned ballot form will be rejected.
3. The vote may be accorded by recording the assent in column 'FOR' or dissent in column 'AGAINST' by placing a tick (✓) mark in the appropriate column.
4. Duly completed ballot form(s) should reach the scrutinizer not later than 06.00 p.m. on September 18, 2014. Ballot form(s) received after this date will be strictly treated as if the reply from the member has not been received.
5. In case of shares held by companies, trust, societies etc. the duly completed ballot form should be accompanied by a certified true copy of Board Resolution/ Authority.
6. Members are requested not to send any other paper along with the ballot form in the enclosed postage pre-paid self addressed envelope.
7. Voting rights shall be reckoned on the paid up value of shares registered in the name of the members as on August 22, 2014.
8. The Scrutinizer's decision on the validity of the ballot form shall be final.
9. The Company is also offering e-voting facility as an alternate, for all the members to enable them to cast their vote electronically instead of dispatching physical ballot form. The detailed procedure is enumerated in the Notes of the AGM Notice.
10. If a member has opted for e-voting, then he/she should not vote by physical ballot also and vice-versa. However, in case members cast their vote both via physical ballot and e-voting through electronic mode, vote through e-voting shall prevail and voting done by physical ballot shall be treated as invalid.

