



26th
ANNUAL REPORT
2012-2013

ORTIN LABORATORIES LIMITED

Flat No.502, Palem Towers, Barkatpura, Hyderabad-500 027
Andhra Pradesh, India

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CORPORATE INFORMATION

Board of Directors:

1. Mr. S. Murali Krishna Murthy	--	Managing Director
2. Mr. G. Venkata Ramana	--	Joint Managing Director
3. Mr. S. Mohan Krishna Murthy	--	Whole Time Director
4. Mr. S. Balaji Venkateswarlu	--	Whole Time Director
5. Mr. S. Srinivas kumar	--	Whole Time Director
6. Mr. Bh. Satyanarayana Raju	--	Whole Time Director
7. Mr. D. Jagannadha Raju	--	Whole Time Director
8. Mr. J. R. K. Panduranga Rao	--	Director
9. Mr. M. Tippayya	--	Director
10. Mr. K. Pradyumna Teja	--	Director

Registered Office:

Flat No. 502, Palem Towers, Barkatpura,
Hyderabad – 500027, Andhra Pradesh (INDIA)
Ph: 040-27562055, Fax: 040-66103055
Email: info@ortinlabsindia.com
www.ortinlabsindia.com

Works:

Unit 1:

Plot No.275 & 278, I.D.A
Pashamylaram,
Medak Dist. (A.P) (INDIA)

Unit 2:

Sy. No. 300, Malkapur Village,
Choutuppal Mandal,
Nalgonda District (A.P) (INDIA)

Auditors:

M/s. Mathesh & Ramana,
Chartered Accountants,
3-6-145, Himayath Nagar
Hyderabad- 500029. (INDIA)

Bankers:

Karnataka Bank Ltd.,
Nampally Station Road,
Hyderabad- 500001

Audit Committee:

- 1) Mr. M. Tippayya
- 2) Mr. G. Venkata Ramana
- 3) Mr. K. Pradyumna Teja

Listing/Trading :

- 1) Madras Stock Exchange Limited
- 2) BSE Limited (IndoNext Segment)

Remuneration Committee:

- 1) Mr. K. Pradyumna Teja
- 2) Mr. M. Tippayya
- 3) Mr. J.R.K. Pandu Ranga Rao

Registrar & Share Transfer Agents:

M/s Karvy Computershare Private Ltd,
Plot No. 17-24, Vithalrao Nagar, Madhapur,
Hyderabad-500081. Ph No. 040 - 44655208

Investor Grievance Committee:

- 1) Mr. K. Pradyumna Teja
- 2) Mr. J. R. K. Panduranga Rao
- 3) Mr. S. Mohan Krishna Murthy

NOTICE

Notice is hereby given that the 26th Annual General Meeting of the Shareholders of ORTIN LABORATORIES LIMITED will be held on Monday, the 30th September 2013 at 11.00 A.M. at the registered office of the Company at Flat No. 502, Palem Towers, Barkatpura, Hyderabad – 500 027 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance sheet as on 31st March, 2013 and Profit & Loss A/c and Cash Flow Statement for the year ended on that date, together with all schedules and notes attached thereto, along with the report of Directors and Auditors thereon.
2. To declare dividend of 2.5% on equity shares of Rs. 10 each.
3. To appoint a director in place of Mr. S. Srinivas Kumar who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mr. Bh. Satyanarayana Raju who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a director in place of Mr. J. R. K. Panduranga Rao who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint M/s. Mathesh & Ramana, Statutory Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at remuneration as may be fixed by the Board.

For and on behalf of the Board of
Ortin Laboratories Limited

Sd/-
S. Murali Krishna Murthy
Managing Director

Place: Hyderabad
Date: 30.05.2013

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Proxies, in order to be effective must be received by the company not less than 48 hours before the commencement of the meeting.
2. The Register of Members and Share Transfer Books of the Company will be closed from 26.09.2013 to 30.09.2013 (Both days inclusive) for determining the names of members eligible for dividend, if approved, on equity shares. In respect of shares held in electronic form, dividend will be payable on the basis of beneficial ownership, as per details furnished by NSDL and CDSL, for this purpose.
3. Subject to the provisions of the Companies Act, 1956, dividend as recommended by the Board of Directors, if declared at the meeting, will be payable to those members whose names appear on the Company's Register of Members as on 25.09.2013.
4. Members holding shares in physical form are requested to notify/send any change in their address/mandate/bank details; and Particulars of their bank account, in case the same have not been sent earlier to the Company's Registrar and Transfer Agent.
6. Members holding shares in the electronic form are requested to inform any changes in address/bank mandate directly to their respective Depository Participants. The address/bank mandate as furnished to the Company by the respective Depositories viz., NSDL and CDSL will be printed on the dividend warrants.
7. Members desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 109A of the Companies Act, 1956, are requested to send the same to the office of the Registrar and Transfer Agent of the Company.
8. Members are requested to produce the Attendance Slip duly signed as per the Specimen Signature recorded with the Company/Depository Participant for admission to the meeting hall.
9. Corporate Members are requested to send to the Company's Registrar & Transfer Agent, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting.
10. A Member desirous of receiving any information on the accounts or operations of the company is requested to forward his/her queries to the Company at least 7 working days prior to the meeting, so that the required information can be made available at the meeting.
11. Members holding shares in physical form are requested to notify immediately any change in their address along with address proof, i.e. Electric/Telephone Bill, Driving License or a copy of passport and Bank particulars to the Company or its Registrar & Share Transfer Agent and in case their shares are held in dematerialized form, this information should be passed on directly to their respective Depository Participants and not to the Company/RTA without any delay.

12. Members, who hold shares in de-materialized form, are requested to bring their Client ID and DP IDs for easier identification of attendance at the meeting.
13. As a measure of austerity, copies of the annual report will not be distributed at the Annual General Meeting. Members are therefore, requested to bring their copies of the Annual Report to the Meeting.
14. Members holding shares in the same name under different ledger folios are requested to apply for Consolidation of such folios and send the relevant share certificates to M/s. Karvy Computershare Pvt. Ltd., Share Transfer Agents of the Company for their doing the needful.
15. It shall be mandatory for the transferee(s) to furnish copy of PAN Card to the Company / RTAs for registration of such transfer of shares for securities market transactions and off market/private transaction involving transfer of shares in physical form of listed companies.
16. As part of Green Initiative in Corporate Governance the Ministry of Corporate Affairs (MCA), Government of India vide its Circular has allowed paperless compliances by Companies inter-alia stating that if the Company sends official documents to their shareholders electronically, it will be in compliance with the provisions of Section 53 of the Companies Act, 1956. Keeping in view shareholders are requested to update their E-Mail ID with their DP.

For and on behalf of the Board of
M/s.Ortin Laboratories Limited

Sd/-

S. Murali Krishna Murthy
Managing Director

Place: Hyderabad
Date : 30.05.2013

DIRECTORS REPORT

To

The Members

We have pleasure in presenting the 26th Annual Report with Audited Statements of Accounts for the year ended 31st March 2013.

FINANCIAL RESULTS:

(Rupees in Lakhs)

Particulars	2012-2013	2011-12
Income	7506.90	8610.59
Expenditure	7321.16	8348.74
Profit for the year	185.74	261.85
Less: Tax & Prior period Expenditure	83.70	148.21
Less: Proposed Dividend	42.35	84.70
Net Profit carried to Balance Sheet	59.69	28.94

PERFORMANCE REVIEW:

The Company has recorded a turnover of Rs. 7482.77 Lakhs and the profit of Rs. 109.23 Lakhs in the current year against the turnover of Rs. 8579.18 lakhs and profit of Rs. 127.71 Lakhs in the previous financial year ending 31.03.2012.

DIVIDEND:

Your Directors recommended a dividend of Rs.0.25 paise on the equity shares of Rs. 10/- each for the year ending 31.03.2013. The total outgo on account of dividend inclusive of dividend tax stands at Rs. 49.55 Lakhs.

PUBLIC DEPOSITS:

Your Company has not accepted any deposits falling within the meaning of Sec.58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, during the financial year under review.

LISTING:

The equity shares of your Company are listed on the Madras Stock Exchange Limited and are being traded on Indo Next Model of BSE Limited.

CAPITAL OF THE COMPANY:

Authorised Share capital of the Company stands at Rs.20,00,00,000/- (Rupees Twenty Crores Only) divided in to 2,00,00,000 equity shares of Rs.10/- and Subscribed, Paid up capital of the company is Rs.16,94,04,000/- (Rupees Sixteen Crores Ninety-four Lacks and Four Thousand only) divided in to 1,69,40,400 equity shares of Rs.10/- each.

SUBSIDIARY COMPANY:

Your Company does not have any subsidiary company.

MANAGEMENT DISCUSSION AND ANALYSIS:

A detailed review of operations, performance and future outlook of your Company and its businesses is given in the Management Discussion and Analysis, which forms part of this Report.

INSURANCE:

The company's properties have been adequately insured against major risks. All the insurable interests of your Company including inventories, buildings, plant and machinery and liabilities under legislative enactments are adequately insured.

DIRECTORS:

Mr. S. Srinivas Kumar, Mr. Bh. Satyanarayana Raju, Whole-Time Directors and Mr. J.R.K. Panduranga Rao, Director of the Company retire by rotation and being eligible, offers themselves for re-appointment at this ensuing Annual General Meeting. Your Directors recommend their re-appointment.

BRIEF PROFILE OF MR. S. SRINIVAS KUMAR:

Particulars	Mr. S. Srinivas Kumar
Date of Birth	02.11.1966
Date of Appointment	29.01.2008
No. of Shares held in the Company	2,93,693
Directorships held in other companies (excluding private limited and foreign companies)	Nil
Positions held in mandatory committees of other companies	Nil

BRIEF PROFILE OF MR. Bh. SATYANARAYANA RAJU:

Particulars	Mr. Bh. Satyanarayana Raju
Date of Birth	25.05.1950
Date of Appointment	30.09.2010
No. of Shares held in the Company	5,57,130
Directorships held in other companies (excluding private limited and foreign companies)	Nil
Positions held in mandatory committees of other companies	Nil

BRIEF PROFILE OF MR. J. R. K. PANDURANGA RAO:

Particulars	Mr. J. R. K. Panduranga Rao
Date of Birth	10.11.1936
Date of Appointment	30.09.2006
No. of Shares held in the Company	Nil
Directorships held in other companies (excluding private limited and foreign companies)	Nil
Positions held in mandatory committees of other companies	Nil

DIRECTORS' RESPONSIBILITY STATEMENT:

In pursuance of Section 217(2AA) of the Companies Amendment Act, 2000 your directors confirm:

- i) that the directors in the preparation of the annual accounts have followed the applicable accounting standards have been followed along with proper explanations relating to material departures.
- ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year.
- iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safe guarding the assets of the company and for preventing and defecting fraud and other irregularities.
- iv) that the directors had prepared the annual accounts on the going concern basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO:

The required information as per Sec.217 (1) (e) of the Companies Act 1956 is provided hereunder:

A. Conservation of Energy:

Your Company's operations are not energy intensive. Adequate measures have been taken to conserve energy wherever possible by using energy efficient systems and purchase of energy efficient equipment.

B. Technology Absorption:

- | | | |
|---|---|-----|
| 1. Research and Development (R&D) | : | NIL |
| 2. Technology absorption, adoption and innovation | : | NIL |

C. Foreign Exchange Earnings and Out Go:

- | | | |
|---------------------------|---|----------------|
| Foreign Exchange Earnings | : | Nil |
| Foreign Exchange Outgo | : | Rs. 12.46 Lacs |

PARTICULARS OF EMPLOYEES:

There is no employee who is falling under section 217 (2A). Therefore, the disclosures required to be made under section 217 (2A) of the Companies Act, 1956 and the rules made there under are not applicable.

CODE OF CONDUCT:

The Code of conduct has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them code of conduct has also been placed on the website of the company A declaration signed by the Managing Director is given in Annexure.

AUDITORS:

Your directors propose the appointment of M/s. Mathesh & Ramana, Chartered Accountants, as statutory auditors to hold office until the conclusion of the next Annual General Meeting of the company.

CORPORATE GOVERNANCE:

As a listed company, necessary measures have been taken to comply with the listing agreements of

Stock Exchanges. A report on Corporate Governance, along with a certificate of compliance from the Auditors forms part of this Report as Annexure.

ACKNOWLEDGEMENTS:

Your directors would like to express their grateful appreciation for assistance and co-operation received from clients, banks, investors, Government, other statutory authorities and all others associated with the company. Your directors also wish to place on record their deep sense of appreciation for the excellent contribution made by the employees at all levels, which enabled the company to achieve sustained growth in the operational performance during the year under review.

DECLARATION BY MANAGING DIRECTOR OF AFFIRMATION BY DIRECTORS AND SENIOR MANAGEMENT PERSONNEL OF COMPLIANCE WITH THE CODE OF CONDUCT:

The shareholders,

I, S. Murali Krishna Murthy, Managing Director of the Company do hereby declare that the directors and senior management of the Company have exercised their authority and powers and discharged their duties and functions in accordance with the requirements of the code of conduct as prescribed by the company and have adhered to the provisions of the same.

For and on behalf of the Board of
M/s.Ortin Laboratories Limited

Place: Hyderabad
Date: 30.05.2013

Sd/-
S. Murali Krishna Murthy
Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY OUTLOOK AND OPPORTUNITIES - GLOBAL

The global pharmaceutical market is estimated to cross USD 1 trillion in 2013. It is expected to grow at a CAGR of 6% to reach USD 1.2 trillion by 2016 (IMS, The Global Use of Medicines: Outlook through 2016). This growth will be largely contributed by what is called the 'pharmerging' markets, generics and the biologics space. For the period from 2011 to 2016, pharmerging markets have been estimated to grow at a CAGR of 12% to 15%; generics at a CAGR of 11% to 12%; and biologics at a CAGR of 5% to 6%. During the same period, developed markets, coping with patent expiries, are expected to register much lower growth - estimated at a CAGR of 1% to 4%. Of all developed markets, the US still continues to be the largest, followed by Japan and Germany. However, what needs noting is that by growing at a significantly higher rate, the pharmerging markets are expected to account for 30% of the global market in 2016, from 20% in 2012. In doing so, the pharmerging markets will, in the aggregate, match the size of the US market in 2016. The global pharmaceutical industry is at an interesting point in time.

INDUSTRY OUTLOOK AND OPPORTUNITIES - INDIA

The data from the Central Statistics Office affirmed the Indian GDP Growth rate at a decade lowest of 5% for the fiscal year 2012-13 on account of weakness in investment, significant deceleration in household consumption and sluggish exports. The declining growth warranted the government to take immediate steps to curtail inflation and restore fiscal health. The Indian economy is expected to gradually recover, with a projected 6.4% growth for 2013-14. However, the financial climate will continue to face various challenges in the coming year.

Despite the fragile economic environment, the Indian Pharmaceutical market grew at a healthy 10%. This robustness in performance is a testimony to the measures taken in improving healthcare standards. Factors that also bolstered the Indian pharmaceutical's performance include strong exports to the US and the depreciation of the Rupee against the Dollar. The positive growth is expected to be a long-term phenomenon in the industry, promising a CAGR of 14-16% in the next 5 years.

OPPORTUNITIES

The scientific foundation of pharmaceuticals is improving exponentially, thanks to a huge increase in computing and processing power, significant advances in genetics and genomics, and powerful data management tools. This has transformed biomedical research. By 2020, genetic testing will be part of mainstream medical practice in some countries. There is a general shift in mind-set from post facto to preventive treatment. This has increased the demand for diagnosis and preventive medication in many countries. In addition, factors such as changing lifestyle patterns with rising incomes, higher prevalence of chronic ailments, ageing population, government intervention through increased healthcare spending, enabling last mile connectivity for distant areas and overall macroeconomic development have together created significant opportunities for growth. Research shows that over 30% of the population won't get sufficient physical exercise; more than 20% will be overweight or

obese; and more than 13% will be 60 years or older. All these are factors that increase the risk of developing heart disease, diabetes and cancer. Favourable outlook for pharmerging economies and increased genericization in key markets will drive growth in the near future. Recent advances in the biologics space represent great opportunities for the industry which should help target previously unmet medical needs especially in oncology and auto-immune diseases.

CHALLENGES

The Pharmaceutical industry in India is facing multiple operational and regulatory headwinds which serve to negate the favourable macro trends in the economy. The health infrastructure continues to be a matter of grave concern effectively putting healthcare out of reach of the burgeoning population, particularly in rural India.

The Government proposed a new pharmaceutical pricing policy in October 2011. The proposed policy is a major departure from the existing price control policy. If implemented as is, the policy could have an adverse impact on your Company's profitability. The Company is hopeful that de-regulation in the form of market based price monitoring becomes the norm. Introduction of product patents in 2005 was a welcome step but the environment is still not conducive to innovation. Issue of the first compulsory license to a pharmaceutical product will only serve to impede investments in innovation.

Increasing urbanization, rising life expectancy and adoption of a sedentary way of living has resulted in a growing prevalence of lifestyle diseases such as cardiovascular ailments and diabetes. There is also a change in disease pattern from acute to chronic although the acute segment continues to play a dominant role. Consequently, there is increased demand for products to treat these medical conditions.

An unpredictable product patent regime with the grant of the first compulsory license for a pharmaceutical product and uncertainties related to government pricing policies continue to create an unpredictable environment for the pharmaceutical industry. Your Company hopes that legitimate innovation will be recognised, rewarded and encouraged.

OPERATIONAL AND FINANCIAL PERFORMANCE

Sales: During the year under review, Net Sales and Operational Income stood at Rs. 7482.77 lakhs as against Rs. 8579.18 lakhs in previous year, registering a decrease in Sales by 12.78%.

Net Profit: During the year, the Company has achieved a Net Profit of Rs. 185.74 Lakhs as against Rs.258.69 Lakhs, during the corresponding period in the previous year.

INTERNAL CONTROL SYSTEMS

The Company maintains a system of well established policies and procedures for internal control of operations and activities, and these are continually reviewed for effectiveness.

The internal control system is supported by qualified personnel and a continuous program of internal audit. The prime objective of such audits is to test the adequacy and effectiveness of all internal control systems laid down by the management and to suggest improvements. We believe that the company's overall system of internal control is adequate given the size and nature of operations and

effective implementation of internal control self assessment procedures and ensure compliance to policies, plans and statutory requirements.

The internal control system of the company is also reviewed by the Audit Committee periodically. The Management duly considers and takes appropriate action on the recommendations made by the statutory auditors, internal auditors and the independent Audit Committee.

HUMAN RESOURCES

During the year under review the company has taken several HR initiatives to train and develop talent pool. The company has also taken up a root cause analysis on bringing down the attrition rates. In order to improve the performance of management and to scale up the business operations, the company has recruited experienced personnel at senior level apart from strengthening other departments with competent people.

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 make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and international markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and other incidental factor.

REPORT ON CORPORATE GOVERNANCE

(Forming part of Director's Report)

I. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

All the procedures, policies and practices followed by your Company are based on sound governance principles.

Comprehensive disclosures, structured accountability in exercise of powers, adhering to international standards and commitment in compliance with regulations and statutes in letter as well as spirit have enabled your Company to enhance shareholder value. In fact, this has become an integral part of the way business is done. The governance practices followed by your Company are continuously reviewed and the same are benchmarked to the best governed companies.

Your Company has complied with all the regulations stipulated by the Securities Exchange Board of India (SEBI) in the Listing Agreement.

II. BOARD OF DIRECTORS

The Chairman of the Company is Mr. J.R.K.Pandu Ranga Rao, Independent Director. The Board of Directors consists of 10 Members of which 3 are Non-Executive Independent Directors. The Composition of the Board is in conformity with the listing requirements.

The details of the Directors being appointed/ re-appointed on retirement by rotation at the ensuing Annual General Meeting, as required pursuant to Clause 49(IV)(G) of the Listing Agreement, are mentioned in the Notice to the Annual General Meeting, forming part of the Report.

The Board of Directors met 7 times during the year on 12.05.2012, 29.05.2012, 29.08.2012, 14.11.2012, 30.01.2013, 12.03.2013 and 25.03.2013, and the maximum gap between any two meetings was less than four months, as stipulated under Clause 49.

The details of Composition of Board of Directors, directors' attendance at Board Meetings, AGM and details of other directorships, committee chairmanships/memberships held by the Directors during the year are as follows:

S. No	Name of the Directors	Category	Attendance Particulars			No. of other Directorships and Committee memberships/chairmanships		
			No. of Board meetings during the tenure of the Director		Last AGM	Other Directorships	Committee Memberships	Committee Chairmanships
			Held	Attended				
1	Mr. S. Murali Krishna Murthy	Managing Director	7	7	YES	NIL	NIL	NIL
2	Mr. G. Venkata Ramana	Joint Managing Director	7	7	YES	NIL	NIL	NIL
3	Mr. Bh. Satyanarayana raju	Whole Time Director	7	7	YES	NIL	NIL	NIL
4	Mr. S. Mohan Krishna Murthy	Whole Time Director	7	7	YES	NIL	NIL	NIL
5	Mr. S. Srinivas kumar	Whole Time Director	7	7	YES	NIL	NIL	NIL
6	Mr. S. Balaji Venkateswarlu	Whole Time Director	7	7	YES	NIL	NIL	NIL
7	Mr. J. R. K. Panduranga Rao	Director	7	7	YES	NIL	NIL	NIL
8	Mr. M. Tippayya	Director	7	7	YES	NIL	NIL	NIL
9	Mr. D. Jagannadha Raju	Whole Time Director	7	7	YES	NIL	NIL	NIL
10	Mr. K. Pradyumna Teja	Director	7	7	YES	NIL	NIL	NIL

Board's Procedure:

Agenda papers along with explanatory statements were circulated to the Directors in advance for each of these meetings. All relevant information as per Clause 49 of the Listing Agreement was placed before the Board from time to time.

Committees of the Board:

Currently, there are Three (3) Committees of the Board, namely: Audit Committee, Remuneration Committee, and Shareholders/ Investors Grievance and Share Transfer Committee. The Board decides the terms of reference for these Committees. The minutes of the meetings of the Committees are placed before the Board for information. The details as to the composition, terms of reference, number of meetings and related attendance, etc., of these Committees are provided hereunder:

III. AUDIT COMMITTEE

- i) The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 292A of the Companies Act, 1956.
- ii) The terms of reference of the Audit Committee include a review of;
 - Overview of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
 - Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
 - Discussion with external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 - Reviewing the financial statements and draft audit report including quarterly / half yearly financial information.
 - Reviewing with management the annual financial statements before submission to the Board, focusing on:
 1. Any changes in accounting policies and practices;
 2. Qualification in draft audit report;
 3. Significant adjustments arising out of audit;
 4. The going concern concept;
 5. Compliance with accounting standards;
 6. Compliance with stock exchange and legal requirements concerning financial statements;
 - 7. Any related party transactions
 - Reviewing the company's financial and risk management's policies.
 - Disclosure of contingent liabilities.
 - Reviewing with management, external and internal auditors, the adequacy of internal control systems.
 - Reviewing the adequacy of internal audit function, including the audit character, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
 - Discussion with internal auditors of any significant findings and follow-up thereon.
 - Reviewing the findings of any internal investigations by the internal auditors into the matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
 - Looking into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
 - Reviewing compliances as regards the Company's Whistle Blower Policy.

iii) The previous Annual General Meeting of the Company was held on 29th September, 2012 and Mr. K. Pradyumna Teja, Chairman of the Audit Committee, attended previous AGM.

iv) The composition, meetings and the attendance during the year of the Audit Committee is given below:

The Company has complied with all the requirements of Clause 49 (II) (A) of the Listing Agreement relating to the composition of the Audit Committee. During the financial year 2012-2013, (4) four meetings of the Audit Committee were held on the 12.05.2012, 29.08.2012, 14.11.2012 and 30.01.2013.

The details of the composition of the Committee and attendance of the members at the meetings are given below:

Name	Designation	Category	No. of meetings attended
Mr. M. Tippayya	Chairman	NED (I)	4
Mr. G. Venkata Ramana	Member	ED	4
Mr. K. Pradyumna Teja	Member	NED (I)	4

NED (I) : Non Executive Independent Director

ED : Executive Director

The necessary quorum was present at all the meetings.

IV. REMUNERATION COMMITTEE

The details of composition of the Committee are given below:

Name	Designation	Category
Mr. K. Pradyumna Teja	Chairman	NED (I)
Mr. M. Tippayya	Member	NED (I)
Mr. J.R.K. Pandu Ranga Rao	Member	NED (I)

NED (I): Non Executive Independent Director

Terms of reference:

The main term of reference of the Committee is to approve the fixation/revision of remuneration of the Managing Director/Whole Time Director of the Company and while approving:

To take into account the financial position of the Company, trend in the industry, appointee's qualification, experience, past performance, past remuneration etc.

To bring out objectivity in determining the remuneration package while striking a balance between the interest of the Company and the Shareholders.

Remuneration Policy:

The objectives of the remuneration policy are to motivate Directors to excel in their performance, recognize their contribution and retain talent in the organization and reward merit.

The remuneration levels are governed by industry pattern, qualifications and experience of the Directors, responsibilities shouldered, individual performance etc.

The details of remuneration paid to the Executive Directors for the financial year 2012-13 are given below:

Name of the Director	Designation	Salary (Rs in Lakhs)	Commission (Rs in Lakhs)	Perquisites (Rs in Lakhs)	Retirement Benefits (Rs in Lakhs)
Mr. S. Murali Krishna Murthy	Managing Director	15.00	-	-	-
Mr. G. Venkata Ramana	Jt.Managing Director	15.00	-	-	-
Mr. Bh. Satyanarayana Raju	Whole Time Director	9.60	-	-	-
Mr. S. Mohan Krishna Murthy	Whole Time Director	9.60	-	-	-
Mr. S. Srinivas Kumar	Whole Time Director	9.60	-	-	-
Mr. S. Balaji Venkateswarlu	Whole Time Director	9.60	-	-	-
Mr. J. R. K. Panduranga Rao	Director	-	-	-	-
Mr. M. Tippayya	Director	-	-	-	-
Mr. D. Jagannadha Raju	Whole Time Director	10.80	-	-	-
Mr. K. Pradyumna Teja	Director	-	-	-	-

V. SHAREHOLDERS / INVESTOR GRIEVANCE AND SHARE TRANSFER COMMITTEE

A) Composition, meetings and the attendance during the year:

The Details of composition of the Committee are given below:

Name of the Director	Designation	Category
Mr. K. Pradyumna Teja	Chairman	NED (I)
Mr. J. R. K. Panduranga Rao	Member	NED (I)
Mr. S. Mohan Krishna Murthy	Member	ED

NED (I): Non Executive Independent Director

ED: Executive Director

B) Powers:

The Committee has been delegated with the following powers:

- to redress shareholder and investor complaints relating to transfer of shares, Dematerialization of Shares, non-receipt of balance sheet, non-receipt of declared dividend etc.
- to approve, transfer, transmission, and issue of duplicate / fresh share certificate(s)
- Consolidate and sub-division of share certificates etc.
- To redress, approve and dispose off any, other complaints, transactions and requests etc., received from any shareholder of the company and investor in general.

The Board has delegated the power to process the transfer and transmission of shares to the Registrar and Share Transfer Agents, who process share transfers within a week of lodgment in the case of shares held in physical form.

The Board has designated Mr. S. Murali Krishna Murthy, Managing Director of the Company as the Compliance Officer.

The Company has designated an exclusive e-mail ID called info@ortinlabsindia.com for redressal of shareholders' complaints/grievances.

Complaints received and redressed by the Company during the financial year:

During the year 2 complaints were received.

S.No	Particulars	Remarks
1.	At the beginning of the year	0
2.	Received during the year	2
3.	At the end of the year	0

VI. GENERAL BODY MEETINGS:

Financial Year	Date	Time	Venue	Special Resolution
2011-2012	29.09.2012	11.00 AM	At Flat No. 502, Palem Towers, Barkatpura, Hyderabad-500 027 Andhra Pradesh.	1) Appointment of Mr. D. Jagannadha Raju as Whole-time Director. 2) Amendment of Articles to permit participation by the Directors and shareholders in the meetings through electronic mode including video-conferencing.
2010-2011	30.09.2011	11.00 AM	At Flat No. 502, Palem Towers, Barkatpura, Hyderabad-27, Andhra Pradesh.	1) Re-appointment of Mr. S. Murali Krishna Murthy as Managing Director 2) Re-appointment of Mr. S. Balaji Venkateswarlu as Whole Time Director. 3) Re-appointment of Mr. S. Srinivas Kumar as Whole Time Director. 4) Re-appointment of Mr. S. Mohan Krishna Murthy as Whole Time Director.
2009-2010	30.09.2010	11.00 AM	At Flat No. 502, Palem Towers, Barkatpura, Hyderabad-27. Andhra Pradesh.	Nil

VII. OTHER DISCLOSURES

- There were no significant related party transactions that may have potential conflict with the interests of the Company at large.
- In the preparation of financial statements, no treatment materially different from that prescribed in Accounting Standards had been followed.

- (c) There were no penalties or strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets at any time during the last 3 years.
- (d) **Whistle Blower policy:** We have established a mechanism for employees to report concerns about unethical behavior, fraud or violation of code of conduct of the Company. The mechanism provided direct access to the Chairman of the Audit Committee for exceptional cases. All employees can also directly meet the Audit Committee members of the Company. The Whistle Blower Policy has been posted on the Intranet of the Company.
- (e) The Company has complied with the non - mandatory requirements to relating to remuneration committee and Whistle Blower policy.
- (f) Managing Director of the Company has furnished the requisite Certificates to the Board of Directors under Clause 49 of the Listing Agreement.

VIII. MEANS OF COMMUNICATION

The quarterly, half-yearly and yearly financial results will be sent to the Stock Exchanges immediately after the Board approves the same and these results will also be published in one English newspaper and in one vernacular newspaper. These financial statements, press releases are also posted on the Company's website, at www.ortinlabsindia.com

IX. GENERAL SHAREHOLDERS INFORMATION

a) 26th Annual General Meeting:

Date and Time	Monday, the 30 th September 2013 at 11.00 AM
Venue	Flat No. 502, Palem Towers, Barkatpura, Hyderabad – 500 027

- b) **Book Closure Date** : 26.9.2013 to 30.09.2013 (Both days inclusive)
- c) **Financial Year and Calendar (Tentative) 2013-14** : The Company follows April to March as its Financial Year. The results of every quarter beginning from April are declared in the first month following each quarter as follows:

Financial Calendar

Financial Reporting for 2013-2014 (tentative)	On or before
The First Quarter results	14.08.2013
The Second quarter results	14.11.2013
The Third quarter results	14.02.2014
The Fourth quarter results	30.05.2014

- d) **Listing on Stock Exchanges** : 1) Madras Stock Exchange Limited
2) BSE Limited (for trading under IndoNext Segment)
- e) **Listing Fees** : Listing fee for the year 2013-14 has been paid
- f) **Stock Code** : For equity shares: BSE: 590074
- g) **ISIN No.** : For equity shares: - **INE749B01012**
- h) **Stock Price Data** : The monthly high / low prices of shares of the Company from April, 2012 to March, 2013 at BSE Limited.

Month	High (Rs.)	Low (Rs.)
April, 2012	31.70	26.65
May, 2012	30.70	23.65
June, 2012	27.25	19.00
July, 2012	27.00	15.80
August, 2012	22.00	13.90
September, 2012	27.95	19.30
October, 2012	30.40	23.70
November, 2012	32.80	28.65
December, 2012	36.95	29.90
January, 2013	36.80	31.15
February, 2013	36.50	33.00
March, 2013	35.40	13.80

i) Registrar & Share Transfer Agents (for shares held in both physical and demat mode):

Karvy Computershare Private Ltd,
Plot No. 17 - 24, Vithalrao Nagar, Madhapur,
Hyderabad - 500081
Ph No. 040 - 44655208

j) Share Transfer System:

The Physical shares transfers are processed and the share certificates are returned to the shareholders within a maximum period of one month from the date of receipt, subject to the document being valid and complete in all respects.

Any transferee who wishes to demat the shares may approach a Depository Participant along with a duly filled Demat Request Form, who shall, on the basis of the Share Certificate, generate a demat request and send the same to the Registrar and Share Transfer Agents (RTA). On receipt, the Depository Registrar confirms the request.

All the requests for Dematerialization of shares are processed and the confirmation is given to the respective Depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within 21 days on receipt.

k) Shareholding Pattern as on 31st March, 2013:

Particulars	Category	No. of shares held	Percentage of shareholding
A	Shareholding of Promoter and promoter group		
1.	Promoters & Persons acting in concert	7105325	41.94
	Sub-Total A	7105325	41.94
B	Public Shareholding		
1.	Institutions	NIL	NIL
2.	Non- Institutions		
a)	Bodies Corporate	2090402	12.34
b)	Indian public and others	7312377	43.17
c)	Any others		
	i) NRI's	415439	2.45
	ii) Clearing Members	16857	0.10
	Sub Total B	9835075	58.06
	Grand Total (A+B)	16940400	100

l) Distribution of shareholding of the Company by number of shares held as on 31st March, 2013 is as follows:

Particulars	Shareholders		Shareholding	
	Number	%	Number	%
1 - 5000	936	64.02	1548040	0.91
5001 - 10000	174	11.90	1554430	0.92
10001 - 20000	97	6.63	1507040	0.89
20001 - 30000	63	4.31	1657390	0.98
30001 - 40000	15	1.03	545000	0.32
40001 - 50000	23	1.57	1078050	0.64
50001 - 100000	30	2.05	2256140	1.33
100001 & Above	124	8.48	159257910	94.01
Total:	1462	100.00	169404000	100.00

m) Dematerialization of Shares:

The Company's shares are dematerialized on National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited. The Company's ISIN is **INE749B01012**. As on 31st March, 2013, 1,66,08,551 equity shares are dematerialized which is 98.04% of the paid up capital of the Company and out of which 51,76,577 shares are in CDSL and 1,14,31,974 shares are in NSDL and the balance are in physical form.

n) Address for Investors Correspondence:

The Shareholders may correspond with the Company for the redressal of their grievances, if any to the registered office of the company at:

Flat No. 502, Palem Towers, Barkatpura,
Hyderabad - 500 027, Andhra Pradesh. India.
Ph: 040-27562055, Fax: 040-66103055
Email: info@ortinlabsindia.com
www.ortinlabsindia.com

o) CEO/MD Certification:

As required by the clause 49 (V) of the Listing Agreement, the certificate from CEO is attached elsewhere in the annual report.

p) Compliance Certificate of the Auditors:

The Statutory Auditor has certified that the company has complied with the conditions of the Corporate Governance as stipulated in clause 49 of the listing agreement and the same forms part of the Annual Report. The Certificate from the statutory auditor will be sent to the stock exchange along with the Annual Report of the Company.

For and on behalf of the Board of
M/s.Ortin Laboratories Limited

Sd/-

S. Murali Krishna Murthy
Managing Director

Place: Hyderabad

Date: 30.05.2013

DECLARATION

To

The Members of Ortin Laboratories Limited

This is to declare that the Code of Conduct envisaged by the Company for members of the Board and the Senior Management Personnel have been complied with by all the members of the Board and the Senior Management Personnel of the Company respectively.

For and on behalf of the Board of
M/s.Ortin Laboratories Limited

Place: Hyderabad
Date: 30.05.2013

Sd/-
S. Murali Krishna Murthy
Managing Director

Dear Shareholder,

Please find below the Managing Director certificate as per Clause 49(V) of the Listing Agreement:

MANAGING DIRECTOR CERTIFICATE

I, S. Murali Krishna Murthy, Managing Director of M/s. Ortin Laboratories Limited certify that:

1. We have reviewed the financial statements for the year and that to the best of our knowledge and belief:
 - (a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (b) These statements present a true and fair view of the state of affairs of the Company and of the results of the operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing generally accepted accounting principles including accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of Company's code of conduct.
3. We accept overall responsibility for establishing and monitoring the Company's internal control system for financial reporting and evaluating its effectiveness. Internal Audit function monitors the internal control system for financial reporting, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal Audit works with all levels of management and Statutory Auditors, and reports significant issues to the Audit Committee of the Board. The Auditors and Audit Committee are apprised of any corrective action taken with regard to significant deficiencies and material weakness.
4. We indicate to the Auditors and to the Audit Committee:
 - (a) Significant changes in internal controls over financial reporting during the year;
 - (b) Significant changes in the accounting policies during the year;
 - (c) No instances of significant fraud of which we have become aware of and which involve the management or other employees who have significant role in the Company's internal control system over financial reporting.

However, during the year there were no such changes and instances.

For and on behalf of the Board of
Ortin Laboratories Limited

Sd/-

S. Murali Krishna Murthy
Managing Director

Place: Hyderabad
Date: 30.05.2013

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of,
Ortin Laboratories Limited

We have examined the Compliance with conditions of Corporate Governance of M/s. Ortin Laboratories Limited for the year ended 31st March, 2013 as stipulated in clause 49 of the Listing Agreement with stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us and representations made by the Directors and the Management's, we certify that the company has complied with conditions of the Corporate Governance as stipulated in Clause 49 of the above mentioned Listing agreement.

As required by the guidance note issued by the Institute of Chartered Accountants of India, we have to state that no grievances of investors are pending for a period exceeding one month against the Company as per the records maintained by the Company.

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

For **Mathesh & Ramana**
Chartered Accountants
Firm Reg. No. 002020s

Sd/-
B.V.Ramana Reddy
Partner
Membership No. 026967

Place: Hyderabad
Date: 30.05.2013

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ORTIN LABORATORIES LIMITED

Report on the Financial Statements:

We have audited the accompanying financial statements of Ortin Laboratories Limited which comprise the Balance Sheet as at March 31, 2013, 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.

Management's Responsibility for the Financial Statements:

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. 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.

Auditor's Responsibility:

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 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
and
- (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date.
- (c) in the case of the cash flow statement, of the Cash Flows, for the year ended on that date.

Emphasis Of Matter:

We draw attention to Note No. 42 regarding the Provision of Gratuity for an amount of 2,55,017/-. The Company has not complied the actuarial valuation referred in the Accounting Standard 15 "Accounting for Retirement Benefits in the financial Statement of Employers".

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. 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 purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, and 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, and Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection(3C) of section 211 of the Companies Act, 1956;
 - e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **Mathesh & Ramana**
Chartered Accountants

sd/-

B.V. Ramana Reddy
Partner

Membership No. 026967

Place: Hyderabad
Date: 30.05.2013

ANNEXURE TO INDEPENDENT AUDITOR'S REPORT

Re: ORTIN LABORATORIES LIMITED

Referred to in Paragraph 3 of our Report of even date.

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have been physically verified by the management during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year, the company has not disposed off a major part of its Fixed Assets.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were properly dealt with in the books of account.
- (iii) (a) The company has taken loans from one party covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) The company has granted loan during the previous year to one company covered in the register maintained under section 301 of the Companies Act, 1956 and an amount of Rs. 12,53,000/- is outstanding as on 31st March, 2013.
- (c) In our opinion, the rate of interest and other terms and conditions on which loans have been taken/granted from the parties listed in the register maintained under section 301 of the Companies Act are not, prima facie, prejudicial to the interest of the company.
- (d) The company is regular in repaying/recovering the principal amounts as stipulated and has been regular in the payment/receiving of interest.
- (e) There was no overdue amount of loans taken from or granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and sale of goods.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- (ix) (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, ESI, income tax, sales tax, excise duty and other material statutory dues applicable to it.
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax and excise duty were in arrears, as at 31st March, 2013 for a period of more than six months from the date they became payable.
(c) According to the information and explanation given to us, there are no dues of sales tax, income tax and excise duty which have not been deposited on account of any dispute.
- (x) In our opinion, the company did not have the accumulated loss as on 31st March, 2013. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution and banks.
- (xii) We are of the opinion that the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Hence no need to maintain the said records.
- (xiii) In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) 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 Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) In our opinion, the company has not given guarantees for loans taken by others from banks or financial institutions.
- (xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.

- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
- (xviii) According to the information and explanations given to us, the company has not raised any fresh share capital by way of public issue or by any other mode during the financial year. Hence, the question of preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act does not arise.
- (xix) According to the information and explanations given to us, the company has not issued any debentures in the history of the company. Hence the creation of securities does not arise.
- (xx) During the year the company has not raised money by way of public issues, hence the verification of end use of money does not arise.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For **Mathesh & Ramana**
Chartered Accountants

sd/-

B.V. Ramana Reddy
Partner

Membership No. 026967

Place: Hyderabad
Date: 30.05.2013

AUDITOR'S CERTIFICATE

We have examined the attached Cash Flow statement of **ORTIN LABORATORIES LIMITED**, Hyderabad for the period ended 31st March, 2013. The statement has been prepared by the Company in accordance with the requirements of listing agreement clause 32 with Bombay Stock Exchange and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by report of 30th May, 2013 to the members of the Company.

For **Mathesh & Ramana**
Chartered Accountants

sd/-

B.V. Ramana Reddy
Partner

Membership No. 026967

Place: Hyderabad
Date: 30.05.2013

Balance Sheet as at March 31, 2013
(All amounts in Indian Rupees except as otherwise stated)

PARTICULARS	Notes	as at 31-03-2013 Rupees	as at 31-03-2012 Rupees
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	169,404,000	169,404,000
Reserves and surplus	3	38,352,060	32,383,596
		207,756,060	201,787,596
Non - current liabilities			
Long-term borrowings	4	10,615,655	4,672,639
Deferred tax liabilities (Net)	5	28,145,144	24,794,475
Other Long term liabilities	6	121,650	20,650
Long-term provisions	7	891,185	636,168
		39,773,634	30,123,932
Current liabilities			
Short-term borrowings	8	159,792,236	118,691,734
Trade payable	9	303,127,351	454,566,452
Other current liabilities	10	19,023,630	13,108,560
Short-term provisions	7	5,444,902	12,262,156
		487,388,119	598,628,902
TOTAL		734,917,813	830,540,430
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11	247,690,610	238,497,886
Intangible Assets		-	-
Capital Work in Progress		-	-
		247,690,610	238,497,886
Non-current investments	13	338,761	338,761
Long-term loans and advances	12	22,621,855	13,039,045
Other non-current assets	14	309,747	516,403
		270,960,973	252,392,095
Current assets			
Inventories	15	152,214,595	110,643,207
Trade receivables	16	274,576,693	438,587,262
Cash and Cash Equivalents	17	19,754,813	10,065,335
Short term loans and advances	12	16,970,445	17,386,405
Other current assets	14	440,294	1,466,126
		463,956,840	578,148,335
TOTAL		734,917,813	830,540,430
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements.
As per our report of even date.

For MATHESH & RAMANA
Chartered Accountants
Sd/-
B.V. RAMANA REDDY
Partner M. No. 026967
Firm Reg. No. 002020S

Place: Hyderabad.
Dated: 30-05-2013

For and on behalf of the Board
For ORTIN LABORATORIES LIMITED

Sd/-
S. Murali Krishna Murthy
Managing Director

Sd/-
G. Venkata Ramana
Joint Managing Director

Statement of Profit and Loss for the year ended March 31, 2013

(All amounts in Indian Rupees except as otherwise stated)

PARTICULARS	Notes	as at 31-03-2013 Rupees	As at 31-03-2012 Rupees
Income			
Revenue from operations	18	748,277,346	857,917,962
Other income	19	2,412,679	2,593,536
Total revenue (i)		750,690,025	860,511,498
Expenses			
Cost of material consumed	20	539,048,125	663,199,107
(Increase)/decrease in inventory	21	1,374,629	(547,601)
Employee benefits expenses	22	26,045,013	27,607,802
Other expenses	23	116,067,867	98,276,880
Finance expenses	24	35,542,034	32,825,708
Depreciation & amortisation	11	14,038,632	13,280,397
Total (ii)		732,116,300	834,642,293
Profit before tax (i-ii)		18,573,725	25,869,205
Tax expenses			
Current tax		3,769,855	5,115,779
Deferred tax		3,350,669	4,123,946
Prior years' tax adjustment		529,881	3,858,113
Total tax expense		7,650,406	13,097,838
Profit for the year		10,923,319	12,771,367
Earnings per equity share			
- Basic		0.64	0.75
- Diluted		0.64	0.75
Nominal value of shares		10.00	10.00
Weighted average number of equity shares in calculating Basic and diluted EPS		-	-
Summary of significant accounting polices	1		

The accompanying notes are an integral part of the financial statements.
As per our report of even date.

For MATHESH & RAMANA

Chartered Accountants

Sd/-

B.V. RAMANAREDDY
Partner M. No. 026967
Firm Reg. No. 002020S

Place: Hyderabad.

Dated: 30-05-2013

For and on behalf of the Board
For ORTIN LABORATORIES LIMITED

Sd/-

S. Murali Krishna Murthy
Managing Director

Sd/-

G. Venkata Ramana
Joint Managing Director

Cash Flow From Operation Activities

PARTICULARS	as at 31-03-2013 Rupees	as at 31-03-2012 Rupees
Net profit before tax	18,043,844	22,011,092
ADD: Depreciation	14,008,243	13,280,397
ADD: Misc. Expenses	206,656	1,164,675
ADD: Interest	35,542,034	32,825,708
Less: Interest received	1,190,089	865,431
Less: Misc. income	1,222,590	1,728,105
Operating Profit	65,388,098	66,688,336
Increase in inventories	(41,571,388)	(66,995,240)
Increase in debtors	164,010,569	(224,725,656)
Increase in loan & advances	(8,141,019)	11,972,365
Increase/Decrease in current liabilities	(156,940,123)	253,940,892
Cash generated from operations	22,746,136	40,880,697
less: Tax expense	3,769,855	5,115,779
Less: Interest paid	35,542,034	32,825,708
Cash from operations	(16,565,753)	2,939,210
Increase in Investments	-	(21,509)
Add: Misc. Income	1,222,590	1,728,105
Add: Additions to Fixed Assets	(23,200,966)	(24,899,369)
Add: Interest Received	1,190,089	865,431
Net Cash Used in Investing	(20,788,287)	(22,327,423)
Receipts from share capital	-	-
Receipts from new borrowings	47,043,518	17,833,191
Net Cash Used Financing Activity	47,043,518	17,833,191
Net cash Flow	9,689,478	(1,555,023)
Opening Balance	10,065,335	11,620,358
Net cash Flow	9,689,478	(1,555,023)
Cash and Cash Equivalants	19,754,813	10,065,335

As per our report of even date.

For MATHESH & RAMANA
Chartered Accountants

Sd/-
B.V. RAMANAREDDY
Partner M. No. 026967
Firm Reg. No. 002020S

Place: Hyderabad.
Dated: 30-05-2013

For and on behalf of the Board
For ORTIN LABORATORIES LIMITED

Sd/-
S. Murali Krishna Murthy
Managing Director

Sd/-
G. Venkata Ramana
Joint Managing Director

**NOTES FORMING PART OF BALANCE SHEET AND
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2013.**

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES:

(a) Basis of Accounting:

The Company follows the mercantile system of accounting. The accounts are prepared on historical cost basis and as a going concern. Accounting policies not specifically referred to otherwise are consistent with the generally accepted accounting standards referred to in Section 211(3C) of the Companies Act 1956.

(b) Fixed Assets:

Fixed assets are stated at cost less depreciation. All costs (excluding CENVAT, VAT and Subsidy), including financing costs till commencement of commercial production and adjustments arising from exchange rate variations relating to borrowings attributable to the fixed assets are capitalized.

(c) Depreciation:

The Company has provided depreciation for all the assets using straight line method at the rates specified in the Schedule XIV of the Companies Act, 1956.

(d) Inventories:

Inventories have been taken as valued and certified by the Management. The basis of valuation is as under:

Raw materials, Stores & Spares - at cost or market price whichever is lower.

Finished goods - at cost or market value on FIFO basis whichever is lower.

(e) Retirement benefits:

(i) Company's contribution to provident fund is charged to Profit & Loss Account.

(ii) Provision has been made in accounts for the future payment of gratuity to the employees of the Company, Pursuant to the payment of Gratuity Act, 1972 however provision has not been made based on the actuarial valuation.

(f) Revenue recognition:

i) Sale is recognized on dispatch of products and is inclusive of Excise Duty, Sales Tax and Packing and forwarding charges.

ii) Interest income is recognized on accrual basis.

iii) Dividend income is recognized as and when the right to receive the amount is established.

(g) Investments

Quoted and un-quoted Investments are valued at cost.

(h) R&D Expenditure

a. Capital expenditure is included in the fixed assets and depreciation as per Company's policy.

b. Revenue expenditure is charged to profit & loss account of the year in which they are incurred is included in the respective heads of expenditure.

(i) Borrowing Costs

Borrowings costs that are directly attributable to the acquisition of qualifying assets are capitalized as part of cost of such asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

(j) Cash Flow Statement

The Cash Flow Statement has been compiled from and is based on the Balance Sheet as at 31st March, 2013 and the related Profit and Loss Account for the year ended on that date. The Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard - 3 on Cash Flow statement issued by ICAI.

(k) Accounting for Taxes on Income

- a. Current Tax: Provision for Current Income Tax is made on the basis of the taxable income for the year as determined in accordance with the provisions of Income Tax Act, 1961.
- b. Deferred Tax: Deferred income tax is recognized, 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. The tax effect is calculated on the accumulated timing differences at the year end based on tax rates and laws. Enacted or substantially enacted as of the Balance Sheet date.

(l) Employee Stock Option Scheme

The company has not granted any Employee Stock Option Scheme.

(m) Impairment of Assets

The management assesses using external and internal sources whether there is any indication that an asset may be impaired. Impairment of an asset occurs where the carrying value exceeds the present value of cash flow expected to arise from the continuing use of the asset and its eventual disposal. The provision for impairment loss is made when recoverable amount of the asset is lower than the carrying amount.

(n) Government Grants & Other Claims

Revenue grants including subsidy/rebates, refunds, claims etc., are credited to profit & loss account under other income or deducted from the related expenses. Grants related to fixed assets are credited to capital reserves account or adjusted in the cost of such assets as the case may be, as and when the ultimate realisability of such grants etc., are established/realized.

(o) Miscellaneous Expenses:

Preliminary expenses and expenditure in connection with Public issue and issue of shares are being written off over a period of five years.

(p) Provisions and Contingent Liabilities and Contingent Assets

Provisions in respect of present obligations arising out of past events are made in the accounts when reliable estimate can be made of the amount of obligations and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but if material, are disclosed in the notes to accounts. Contingent assets are not recognized or disclosed in the financial statements.

2. SHARE CAPITAL

(Figures in Rupees)

	March 31, 2013	March 31, 2012
Authorised:		
2,00,00,000 equity shares of Rs.10/-each	200,000,000	200,000,000
	200,000,000	200,000,000
Issued, subscribed and fully paid-up: 1,69,40,400 Equity shares of Rs. 10/-each fully paidup	169,404,000	169,404,000
		-
Total issued, subscribed and fully paid up share capital	169,404,000	169,404,000

(a) Reconciliation of the shares outstanding at the beginning and at the end of the year

(Figures in Rupees)

	As at March 31, 2013		As at March 31, 2012	
	No's.	Amount	No's.	Amount
Equity shares of Rs. 10/-each fully paid				
At the beginning of the year	16,940,400	169,404,000	16,940,400	169,404,000
Less: Share Capital Suspense Account	-	-	12,240,000	122,400,000
Issued during the year	-	-	12,240,000	122,400,000
Outstanding at the end of the year	16,940,400	169,404,000	16,940,400	169,404,000

b) Terms/ rights attached to shares

The Company has equity shares having par value of Rs 10/- each. Each holder of equity shares is entitled to one vote per share. The Company has declared 2.5% dividend in the previous year. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts.

c) Details of share holders holding more than 5% shares in the Company

Name of the Shareholder	As at March 31, 2013		As at March 31, 2012	
	No's.	% Holding	No's.	% Holding
Equity shares of Rs. 10/- each fully paid				
Venkata Ramana Gaddam	977,470	5.77%	1,227,600	7.25%
Venkata Rama Gaddam	964,600	5.69%	1,106,100	6.53%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

3 RESERVES AND SURPLUS

(Figures in Rupees)

	As at March 31, 2013	As at March 31, 2012
Share Forfeiture Reserve		
Balance, at the beginning of the year	6,452,500	6,452,500
Add: Amount received during the year	-	-
Balance, at the end of the year	6,452,500	6,452,500
Capital Reserve		
Balance, at the beginning of the year	2,122,500	2,122,500
Balance, at the end of the year	2,122,500	2,122,500
Surplus in the statement of profit and loss		
Balance, at the beginning of the year	23,808,596	20,914,223
Add: Excess provision written back	-	-
Add: Profit for the year	10,923,319	12,771,367
Less: Proposed Dividend	4,235,100	8,470,200
Less: Dividend Distribution tax on Proposed Dividend	719,755	1,406,794
Net surplus in the statement of profit and loss	29,777,060	23,808,596
Total reserves and surplus	38,352,060	32,383,596

4 LONG TERM BORROWINGS

(Figures in Rupees)

	Non-current portion		Current maturities	
	March 31, 2013	March 31,2012	March 31, 2013	March 31,2012
Term loan from Banks (Secured)	9,499,689	3,194,535	8,393,985	6,100,662
Term Loan from Financial Institutions (Unsecured)	-	-	-	-
Vehicle Loan from Banks (Secured)		362,138	391,209	1,269,130
Interest Free Sales Tax Loan from Govt. of A.P	1,115,966	1,115,966		
	10,615,655	4,672,639	8,785,194	7,369,792

Security Details

Term Loans from Bank is Secured by hypothecation of Fixed Assets and Personal Guarantee of directors of the company excluding Honorary directors. The details are as follows:

Term Loan I : The Company availed Rs.62,08,841/- out of total Sanction of Rs.140.00 lakhs.The Loan is repayable in 80 equated monthly instalments of Rs 1,75,000/- each, due to short availment of term loan the due date may be much earlier. The Loan carried interest @ (BR+ 4.5%)% p.a.

Term Loan II : The Company availed Rs.1,75,15,226/- out of total Sanction of Rs.260.00 lakhs.The Loan is repayable in 57 equated monthly instalments of Rs 4,56,000/- each, due to short availment of term loan the due date may be much earlier. The Loan carried interest @ (BR+ 4)% p.a.

Vehicle Loan from Bank is secured by hypothecation of vehicle financed.

5 DEFERRED TAX LIABILITIES (NET)

(Figures in Rupees)

	As at March 31, 2013	As at March 31, 2012
Fixed assets: Impact of difference between tax depreciation and depreciation charged for financial reporting	28,145,144	24,794,475
Differed tax liability	28,145,144	24,794,475

6 OTHER LONG-TERM LIABILITES

(Figures in Rupees)

	As at March 31, 2013	As at March 31, 2012
Security Deposit	121,650	20,650
	121,650	20,650

7 PROVISIONS

(Figures in Rupees)

	Long term		Short term	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
Provision for employee benefits (Gratuity)	891,185	636,168	-	-
Proposed Dividend	-	-	4,235,100	8,470,200
Dividend Distribution tax on Proposed Dividend	-	-	719,755	1,406,794
Provision for income tax (net of advance tax paid)	-	-	490,046	2,385,161
	891,185	636,168	5,444,902	12,262,156

8 SHORT-TERM BORROWINGS

(Figures in Rupees)

	As at March 31, 2013	As at March 31, 2012
Secured		
Cash Credit from Banks (Secured)	142,269,344	101,018,842
Unsecured		
From Directors & their relatives	8,188,146	8,238,146
Loan from others	9,334,746	9,434,746
	159,792,236	118,691,734

- b) Cash Credit from Karnataka Bank Limited is secured by present and future raw materials, semi finished goods, finished goods, stores and secured second charge on Fixed Assets of the Company and further secured by personal guarantee of promoter Directors.

9 TRADE PAYABLES

(Figures in Rupees)

	As at March 31, 2013	As at March 31, 2012
Trade payables	295,322,301	445,497,535
Staff Creditors	566,491	285,995
Outstanding Liability for expenses	7,238,559	8,782,922
	303,127,351	454,566,452

10 OTHER CURRENT LIABILITIES

(Figures in Rupees)

	As at March 31, 2013	As at March 31, 2012
Current maturities of secured long term borrowings (refer note 5)	8,785,194	7,369,792
Customers credit balance	10,238,436	5,738,768
	19,023,630	13,108,560

**NOTE - 11
SCHEDULE FORMING PART OF ACCOUNTS**

S. No.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost as on 01/04/2012 Rupees	Additions Rupees	Deletions Rupees	Cost as on 31-03-2013 Rupees	Upto 01/04/2012 Rupees	For the year Rupees	Deletions Rupees	Upto 31-03-2013 Rupees	As on 31-03-2013 Rupees	As on 31-03-2012 Rupees
1	Land.	5,356,926	-	0	5,356,926	-	-	-	-	5,356,926	5,356,926
2	Factory building.	60,697,643	1,260,851	0	61,958,494	8,347,151	2,038,846	-	10,385,997	51,572,497	52,350,492
3	Administrative building.	940,355	132,303	0	1,072,658	217,729	17,136	-	234,865	837,793	722,626
4	Plant & machinery	182,723,135	21,404,078	0	204,127,213	28,946,316	9,077,722	-	38,024,038	166,103,175	153,776,819
5	Testing equipment.	7,739,205	-	0	7,739,205	1,541,946	367,612	-	1,909,558	5,829,647	6,197,259
6	Furniture & fixtures.	2,781,411	-	0	2,781,411	1,605,474	176,063	-	1,781,537	999,874	1,175,937
7	Electrical fittings	8,896,756	250,000	0	9,146,756	2,118,380	422,726	-	2,541,106	6,605,650	6,778,376
8	Vehicles.	11,298,887	72,500	43,304	11,328,083	4,126,570	1,071,680	23,691	5,174,559	6,153,524	7,172,317
9	Other assets.	2,803,487	-	0	2,803,487	865,265	133,166	-	998,431	1,805,056	1,938,222
10	Computer.	3,901,453	85,000	0	3,986,453	2,135,982	639,200	-	2,775,182	1,211,271	1,765,471
11	Modixerox.	205,400	-	0	205,400	24,618	9,757	-	34,375	171,026	180,782
12	Generator Set	311,801	-	0	311,801	249,917	14,811	-	264,728	47,073	61,884
13	Air conditioner.	1,419,171	68,538	29,000	1,458,709	398,395	69,914	6,698	461,611	997,098	1,020,776
14	Capital Work in Progress	-	-	0	-	-	-	-	-	-	-
	TOTAL	289,075,630	23,273,270	72,304	312,276,596	50,577,743	14,038,632	30,389	64,585,986	247,690,610	238,497,887
	PREVIOUS YEAR	264,176,261	31,738,518	68,39,149	289,075,630	37,297,347	13,280,397	-	50,577,745	238,497,886	226,878,914

12 LOANS AND ADVANCES

(Figures in Rupees)

	Non - current (Long term)		Current (Short term)	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Unsecured, considered good				
Trade and other deposit	5,234,680	3,381,638	-	-
Loan and advances to related parties	-	-	-	3,684,713
Prepaid expenses	-	-	300,116	292,855
Other loans & Advances	17,387,175	9,657,407	16,670,329	13,408,837
	22,621,855	13,039,045	16,970,445	17,386,405

13 INVESTMENTS

(Figures in Rupees)

	Non - current (Long term)		Current (Short term)	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Investment in Equity Instruments(At cost)	38,761	38,761		
Investment in Mutual Funds (At Cost)	300,000	300,000	-	-
	338,761	338,761	-	-

14 OTHER CURRENT ASSETS

(Figures in Rupees)

	Non current		Current	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Unsecured, considered good				
Interest Receivable	-	-	230,825	732,189
Excise Duty Claim Receivable on Export	-	-	2,794	527,262
Commercial Tax 2000-01	27,549	27,549		
Commercial Tax 2001-02	75,561	75,561	-	-
Preliminary Expenses to the extent not written off	206,637	413,293	206,675	206,675
	309,747	516,403	440,294	1,466,126

15 INVENTORIES

(Figures in Rupees)

	March 31, 2013	March 31, 2012
Finished goods & WIP	13,190,846	14,565,475
Raw material	135,658,254	92,665,149
Stores & Spares	3,365,495	3,412,583
	152,214,595	110,643,207

16 TRADE RECEIVABLES

(Figures in Rupees)

	March 31, 2013	March 31, 2012
Unsecured, considered good		
Outstanding for a period not exceeding six months from the date they are due for payments	164,921,543	291,684,047
Others	109,655,150	146,903,215
	274,576,693	438,587,262

17 CASH AND BANK BALANCES

(Figures in Rupees)

	Non current		Current	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Cash and cash equivalents				
Balances with banks on current account	-	-	7,185,016	629,967
Balance with banks in Fixed Deposits/ Term Deposit			1,360,000	-
Cash on hand	-	-	1,868,797	435,368
	-	-	10,413,813	1,065,335
Other bank balances				
Margin money deposits against Letter of Credit	-	-	9,341,000	9,000,000
	-	-	19,754,813	10,065,335
Less: Amount disclosed under non current assets	-	-	-	-
	-	-	19,754,813	10,065,335

18 REVENUE FROM OPERATIONS

(Figures in Rupees)

	March 31, 2013	March 31, 2012
A) Sales(Net)		
Domestic sales	643,587,367	831,072,072
Export sales	-	5,119,030
	643,587,367	836,191,102
Less : Excise Duty	53,351,267	47,041,659
	590,236,100	789,149,443
B) Other operating revenues		
Job work Receipts	158,041,246	68,768,519
	158,041,246	68,768,519
	748,277,346	857,917,962

19 OTHER INCOME

(Figures in Rupees)

	March 31, 2013	March 31, 2012
Dividend on Chits	-	41,237
Interest Received	1,190,089	865,431
Profit on Foreign Exchange Fluctuation	127,146	127,823
Rental Charges (Voda Tower)	-	30,516
Discount on Purchase	274,402	559,366
Sale of Scrap	-	663,360
Dividend	2,639	2,262
Service Charges Income.	41,722	60,791
Subsidy on Electrical Bill	-	242,750
Miscellaneous Income	270,232	-
Prior Period Income	506,449	-
	2,412,679	2,593,536

20 COST OF MATERIALS CONSUMED

(Figures in Rupees)

	March 31, 2013		March 31, 2012	
Inventory at the beginning of the year		92,665,149		26,604,608
Add: Purchases	582,617,276		729,759,019	
Less: Returns	576,046	582,041,230	499,371	729,259,648
		674,706,379		755,864,256
Less: inventory at the end of the year		135,658,254		92,665,149
		539,048,125		663,199,107

21 (INCREASE)/DECREASE IN INVENTORY

(Figures in Rupees)

	March 31, 2013	March 31, 2012
Opening stock of inventories		
Finished goods	14,565,475	14,017,874
	14,565,475	14,017,874
Closing stock of inventories		
Finished goods	13,190,846	14,565,475
	13,190,846	14,565,475
	1,374,629	(547,601)

22 EMPLOYEE BENEFIT EXPENSES

(Figures in Rupees)

	March 31, 2013	March 31, 2012
Salaries, wages and allowances	13,910,028	13,704,537
Directors Remuneration	7,585,436	7,800,000
Contribution to provident and other funds	1,814,941	2,235,927
Gratuity expense	255,017	542,090
Staff welfare expenses	2,479,591	3,325,248
	26,045,013	27,607,802

23 OTHER EXPENSES

(Figures in Rupees)

	March 31, 2013		March 31, 2012	
Rates and taxes		1,233,075		444,464
Insurance		414,290		558,652
Legal and Professional charges		1,632,302		2,415,782
ROC Expenses		20,000		614,211
Stamp Duty		253,400		2,852,900
Communication expenses		880,994		884,283
Travel & conveyance expenses		3,002,561		2,732,311
Rent Office & Godown		300,465		212,505
Power & Fuel		41,150,078		24,640,706
Sales & Business Promotion		1,073,196		1,118,219
Statutory audit		220,600		220,600
Tax audit		33,090		33,090
Taxation and Other Matters		22,060		22,060
Repairs & Maintenance Expenses		8,557,461		9,844,979
Consumption of Stores				
Inventory at the beginning of the year	3,412,583		3,025,485	
Add: Purchases	7,992,083		5,540,446	
	11,404,666		8,565,931	
Less: inventory at the end of the year	3,365,495	8,039,171	3,412,583	5,153,348
Discount & Rebate		806,593		397,423
Freight & Transportation		4,269,036		2,702,955
Labour Wages		28,946,635		22,949,956
Security Charges		1,510,784		1,109,982
Printing & Stationery		958,210		784,346
Prior Period Expenses		-		316,489
Loss on foreign Exchange Transaction		-		1,066,744
Miscellaneous expenses		5,179,001		4,258,947
Job Work Charges		7,237,085		2,462,222
Clearing & Forwarding Charges		-		2,651,241
Customs Duty		51,124		815,323
Forfeited Land Advance		70,000		-
Bad Debts Written off		-		5,848,467
Miscellaneous expenses written off		206,656		1,164,675
		116,067,867		98,276,880

24 FINANCE COSTS

(Figures in Rupees)

	March 31, 2013	March 31, 2012
Interest on fixed period loans	6,289,345	2,043,545
Interest on working capital loans	14,765,373	12,336,205
Interest - Others	269,458	18,529
Bank charges (including loan processing charges)	1,605,161	890,785
Interest on Income Tax	48,762	208,209
LC & Bill discounting Charges	12,563,935	17,328,435
	35,542,034	32,825,708

25. SALES TAX DEFERMENT:

The sales tax deferment liability amounting to Rs. 11,15,966/- shown under Unsecured Loans are due for repayment from the financial year 2019 onwards. The Government of Andhra Pradesh has granted Sales Tax Deferment for a period of 14 years.

26. FOREIGN EXCHANGE TRANSACTIONS:

Particulars	March 31, 2013 Rupees
a. Value of imports	4,02,134
b. Traveling Expenses	2,93,025
c. Other Expenses	5,50,828

During the year, the company has recognized Rs. 1,27,146/- as net profit on account of foreign exchange transactions in the profit and loss account.

27. MANAGERIAL REMUNERATION:

	March 31, 2013 Rupees
1. Sri. S. MURALI KRISHNA MURTHY	15,00,000
2. Sri. S. MOHAN KRISHNA MURTHY	9,60,000
3. Sri. S. BALAJI VENKATESWARLU	9,60,000
4. Sri. S. SRINIVAS KUMAR	9,60,000
5. Sri. G. VENKATARAMANA	15,00,000
6. Sri. Bh. SATYANARAYANA RAJU	9,60,000
7. Sri. D. JAGANNADHARAJU	10,80,000

The above figures do not include Sitting fee paid and provision for gratuity and leave encashment.

28. REMUNERATION TO AUDITORS:

	March 31, 2013 Rupees
Audit Fee	2,20,600
Tax Audit Fee	33,090
For taxation and other matters	22,060
TOTAL	2,75,750

29. CONTINGENT LIABILITIES:

a) The contingent liabilities as on 31st March, 2013 are as follows:

Particulars	(Rs. In lacs)
In respect of Letters of Credit	600.00
Excise Duty demand based on audit objection raised by department on 19/04/2012	9.35

b) Estimated amount of contracts remaining to be executed on Capital Accounts and not provided for – NIL.

30. DEFERRED TAX :

	March 31, 2013 Rupees
In Conformity with the Accounting Standard 22 on Accounting for Taxes on income issued by Institute of Chartered Accountants of India, during the year the Company has provided for the Net Deferred Tax Liability/ Assets in the books of account.	
Net Block as per Companies Act	24,76,90,610
Net Block as per Income Tax Act	16,29,60,741
Timing Difference	8,47,29,869
Net Tax Liability as on 31-03-2013	2,81,45,144
Less: Deferred Tax Liability as on 31-03-2012	2,47,94,475
Effect on Profit and Loss Account (Deferred Tax for the year)	33,50,669

Deferred tax liability represents timing differences in depreciation on fixed assets.

31. EARNINGS PER SHARE:

(A) BASIC EARNING PER SHARE

(Figures in Rupees)

i. Number of equity shares outstanding at the beginning of the year.	1,69,40,400
ii. Number of equity shares issued during the year.	NIL
iii. Total number of equity shares outstanding at the end of the year.	1,69,40,400
iv. Profit available to share holders.	1,09,23,319
v. Basic Earning per Share. (face value Rs. 10/-)	0.64

(B) DILUTED EARNING PER SHARE

(Figures in Rupees)

i. Number of equity shares outstanding as per Point No. iii above.	1,69,40,400
ii. Weighted average number of potential equity shares outstanding	NIL
iii. Weighted average number of shares outstanding	1,69,40,400
iv. Profit available to share holders	1,09,23,319
v. Basic Earning per Share (face value Rs. 10/-)	0.64

32. RELATED PARTY TRANSACTIONS:

Disclosure as required by Accounting Standard AS 18: Related party disclosures issued by the Institute of Chartered Accountant of India (ICAI) is as follows:

- (A) (i) Names of the transacting related parties.
SRI SAI KRISHNA MARKETING ASSOCIATES
- (ii) Description of the relationship between the parties.
Associate Firm.
- (iii) Description of the nature of transaction.
Sales and purchases to/from associates firm in which directors are interested.
- (iv) Volume of transaction:
- | | |
|-----------------|-----------------|
| Sales: | Rs. 32,36,025/- |
| Purchases: | Rs. 88,29,261/- |
| Unsecured Loans | Rs. 16,50,000/- |

The above transactions are not related to the products, which are manufactured at the company's production facilities and it is only a trading transaction.

- (v) Other elements of the related party transactions necessary for an understanding of the financial statements: NIL.
 - (vi) The amounts or appropriate proportions of outstanding items are pertaining to related parties at the balance sheet date and provisions for doubtful debts due from such parties at that date.
 - (vii) Outstanding items pertaining to the related party as on the date of Balance sheet: Cr. 53,59,042/-
 - (viii) Amounts written off or written back in the period in respect of debts due from or to related parties: NIL
- (B) (i) Names of the transacting related parties:
ORTIN BIOTECH PRIVATE LIMITED
- (ii) Description of the relationship between the parties:
Associate Company.
 - (iii) Description of the nature of transaction:
Inter corporate Deposits to associate Company in which directors are interested.
 - (iv) Volume of transaction: Rs. NIL.
 - (v) Other elements of the related party transactions necessary for an understanding of the financial statements: NIL.
 - (vi) The amounts or appropriate proportions of outstanding items pertaining to related parties at the balance sheet date and provisions for doubtful debts due from such parties at that date.
 - (vii) Outstanding items pertaining to the related party as on the date of Balance sheet: Dr. 12,53,000/-.
 - (viii) Amounts written off or written back in the period in respect of debts due from or to related parties: NIL
- (C) (i) Names of the transacting related parties:
WOHLER LABORATORIES PRIVATE LIMITED
- (ii) Description of the relationship between the parties:
Enterprise over which key managerial personnel/ their relatives are able to exercise significant influence
 - (iii) Description of the nature of transaction:
Sales and purchases to/from a company in which directors are interested.
 - (iv) Volume of transaction:

Sales:	Rs. 25,82,392/-
Purchases:	Rs. 4,21,568/-
 - (v) Other elements of the related party transactions necessary for an understanding of the financial statements: NIL.
 - (vi) The amounts or appropriate proportions of outstanding items are pertaining to related parties at the balance sheet date and provisions for doubtful debts due from such parties at that date.
 - (vii) Outstanding items pertaining to the related party as on the date of Balance sheet: Dr. 2,13,45,033/-
 - (viii) Amounts written off or written back in the period in respect of debts due from or to related parties: NIL.

33. SEGMENT REPORTING:

The Company is engaged in the manufacture of Drug Intermediates and Pharmaceuticals. Accounting Standard 17 "Segment Reporting" issued by the Institute of Chartered Accountants of India is not applicable.

34. SHARE CAPITAL:

The authorized capital of the company is Rs. 20,00,00,000/- divided into 2,00,00,000 equity shares of Rs. 10/- each.

Shareholders' funds of Rs. 16,94,04,000/- are divided into 1,69,40,400 equity shares of Rs. 10/- each.

35. In the opinion of the Board the Current assets, Loans and advances are approximately of the value stated if realized in the ordinary course of the business. The provision for depreciation and all known liabilities are adequate and not in excess of the amount considered reasonably necessary.

36. The balances shown against Sundry Debtors, Sundry Creditors and Advances are subject to confirmation from the respective parties.

37. DISCLOSURE UNDER MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006:

As regards to the compliance of provisions relating to the dues to Micro, Small and Medium Enterprises in terms of Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006, the Company has sent letters to the Creditors to confirm whether they are Micro, Small and Medium Enterprises. The Company is yet to receive the confirmations from them. Hence, the Company could not quantify the dues, if any to the Micro, Small and Medium Enterprises.

38. ADDITIONAL INFORMATION PURSUANT TO PARAGRAPHS 3 & 4 OF PART II OF SCHEDULE VI TO THE COMPANIES ACT 1956, (AS CERTIFIED BY A DIRECTOR:

A. PARTICULARS IN RESPECT OF GOODS MANUFACTURED:

Since the products involved are voluminous, according to the management it is not possible to give product wise details.

B. STOCKS, PURCHASES & SALES OF FINISHED GOODS:

Since the products involved are voluminous, according to the management it is not possible to give product wise details.

39. During the year the board of directors proposed a dividend of 2.5% on paid up Share Capital.

40. During the year the company has amortized 20% of preliminary expenses i.e. Rs. 2,06,656/-.

41. During the year the following provisions were made:

Particulars	Rupees
Current Tax	37,69,855
Previous Year's Tax adjustment	5,29,881
Dividend	42,35,100
Dividend Tax	7,19,755

42. During the year the Company has made Rs.2,55,017/- towards Provision for Gratuity. The Company has not complied actuarial valuation referred in the Accounting Standard 15 "Accounting for Retirement Benefits in the financial Statement of Employers".

Particulars	Rupees
Opening Balance as on 01/04/2012	6,36,168
Add: Provision made during the year	2,55,017
Closing Balance as on 31/03/2013	8,91,185

43. The company's investments are stated at cost price in financial statements.

S. No	Name of the fund	Cost In Rupees	Market price In Rupees
1.	Welcure Drugs	3,000	459
2.	Karnataka Bank Ltd	30,761	1,01,036
3.	Manikanta Bank,	5,000	(unquoted)
4.	DSP Block Rock	3,00,000	3,41,158

Investments were stated at cost price in the financial statements.

44. Disclosure under clause 32 of the Listing Agreement:

(a) Loans and Advances in the nature of Loans to Subsidiary Company	NIL
(b) Loans and Advances in the nature of Loans to Associate Company	NIL
(c) Loans and Advances in the nature of Loans where there is:	
(i) No repayment schedule or repayment beyond 7 years	NIL
(ii) No interest or interest below section 372 A of Companies Act	NIL
(d) Loans and Advances in the nature of Loans to firms/companies In which directors are interested	Rs. 12,53,000
(e) Investment by the Loanee in the shares of the parent company And subsidiary company, when the company has made a loan Or advance in the nature of loan	NIL

45. Previous year figures have been regrouped and rearranged wherever necessary.

46. All the amounts are rounded of to the nearest rupee.

For MATHESH & RAMANA
Chartered Accountants

Sd/-
B.V. RAMANAREDDY
Partner M. No. 026967

Place: Hyderabad.
Dated: 30-05-2013

For and on behalf of the Board
For ORTIN LABORATORIES LIMITED

Sd/-
S. Murali Krishna Murthy
Managing Director

Sd/-
G. Venkata Ramana
Joint Managing Director

ORTIN LABORATORIES LIMITED

Flat No.502, Palem Towers, Barkatpura, Hyderabad - 500 027, Andhra Pradesh, India

PROXY FORM

I/We _____ of _____ being a Member(s) of above named company, hereby appoint _____ of _____ or failing him/her _____ of _____ as my/our proxy to attend and vote for me/us, on my/our behalf at the 26th Annual General Meeting of the Company to be held on Monday, the 30th September 2013 at 11.00 A.M. at Flat no. 502, Palem Towers, Barkatpura, Hyderabad – 500 027, Andhra Pradesh and at any adjourned meeting thereof.

As Witnessed Signed this _____ day of September 2013

Signed by the said _____

Folio No./Client ID _____

No. of shares held _____

Affix Rs.1/- Revenue Stamp.

Note:

The proxy in order to be effective should be duly stamped, completed, signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.

..... ✂ ✂ ✂ ✂ ✂

ORTIN LABORATORIES LIMITED

Flat No.502, Palem Towers, Barkatpura, Hyderabad - 500 027, Andhra Pradesh, India

ATTENDANCE SLIP

(Please present this slip at the Meeting venue)

I hereby record my presence at the 26th Annual General Meeting of the members of the company to be held on Monday, the 30th September 2013 at 11.00 A.M. at Flat No. 502, Palem Towers, Barkatpura, Hyderabad – 500 027, Andhra Pradesh (INDIA).

Shareholders/Proxy's Signature _____

Shareholders/Proxy's full name _____
(In block letters)

Folio No./ Client ID _____

No. of shares held _____

Note:

Shareholders attending the meeting in person or by proxy are required to complete the attendance slip and hand it over at the entrance of the meeting hall.

Book Post

If undelivered, please return to:



ORTIN LABORATORIES LIMITED

Flat No.502, Palem Towers, Barkatpura, Hyderabad-500 027
Andhra Pradesh, India

Ph: +91 40 27562055, Fax: +91 40 66103055

E-mail: info@ortinlabsindia.com

Website: www.ortinlabsindia.com